

**SIDE LETTER OF AGREEMENT  
TO THE 2010-2013 MEMORANDUM OF UNDERSTANDING  
BETWEEN THE CITY OF ONTARIO AND  
SAN BERNARDINO PUBLIC EMPLOYEES ASSOCIATION**

The City of Ontario ("City") and San Bernardino Public Employees Association ("Association") recently completed negotiations for a proposed successor Memorandum of Understanding ("MOU"). In light of the current economic downturn, this side letter of agreement includes the cost reduction and containment measures to which the City and the Association have agreed. Specifically, the parties agree to suspend merit increases from July 1, 2010 through June 30, 2011 and to give the City Manager the ability to implement unpaid furloughs for Fiscal Year 2010-11 if needed due to a significant reduction in revenues or increase in costs beyond that which has already been projected.

***I. Merit Increases***

**A. City Personnel Rules – Salary Adjustments**

Merit increases are administered in accordance with the City Personnel Rule XI, as repeated below.

**Section 1. Application of Rates**

Employees occupying a position in the City service shall be paid at the rate established for their position. All original appointments shall be made at the minimum wage for the position, except when in the opinion of the City Manager circumstances warrant appointment at a higher step.

**Section 2. Anniversary Date**

Each employee's anniversary date will coincide with his/her appointment to a new position in a different classification. All employees will retain their current anniversary dates until appointed to a new classification provided, however, that no employee shall receive more than one merit increase within any six months period. Any employee who is within ninety (90) days of achieving a merit raise at the time of promotion shall be entitled to an increase for the promotion and an increase for the merit step. All future increases while in that classification shall be in accordance with Section 3 below. The date of appointment shall be used to compute vacation, sick leave, and retirement benefits.

The anniversary date of employees who take a leave of absence without pay for more than sixty (60) continuous calendar days will be extended by the length of the absence from work over sixty (60) days adjusted to the start of the nearest pay period.

**SECTION 3. ADVANCEMENTS**

The advancement of an employee is not automatic, but the result of increased service value to the City. Service value shall be determined by recommendation of the department head, length of service, personal performance record, special training, and any other evidence that illustrates the desire of the employee to do a better job.

The five levels of advancement for each full-time and part-time position are granted according to the conditions outlined in Section 1 and 2 and the preceding paragraph. The merit increase effective date is the closest payroll period to the employee's anniversary date.

- Step 1 - Entrance Level
- Step 2 - After six months service
- Step 3 - After one year at Step 2
- Step 4 - After one year at Step 3
- Step 5 - After one year at Step 4

## **B. Merit Increase Delay**

1. As a cost savings measure, the parties agree that merit increases shall be suspended for employees with anniversary dates occurring between July 1, 2009 and June 30, 2011 as follows:
  - a. Employees hired, promoted, or demoted prior to July 1, 2009: Employees hired, promoted, or demoted prior to July 1, 2009 who are eligible for a merit increase between July 1, 2009 and June 30, 2011 will have their eligibility date for a merit increase postponed until their first anniversary date occurring on or after July 1, 2011. For example, an employee whose anniversary date is July 2, 2009 shall not be eligible for a merit increase until July 2, 2011.
  - b. Employees hired, promoted, or demoted between July 1, 2009 and June 30, 2011: Employees hired, promoted, or demoted between July 1, 2009 and June 30, 2011 shall establish an anniversary date one year from the date of the personnel action. This shall apply to all employees not on the top step, including employees on step 1. For example, an employee who was hired at step 1 on July 20, 2009 will have an anniversary date of July 20, 2010 instead of January 20, 2010. Employees hired, promoted, or demoted between July 1, 2009 and June 30, 2011 will have their eligibility date for a merit increase postponed until their first anniversary date occurring on or after July 1, 2011. For example an employee whose anniversary date is July 20, 2010 shall not be eligible for a merit increase until July 20, 2011.
2. The merit increase effective date is the closest payroll period to the employee's anniversary date. The employee must have earned the merit increase by demonstrating satisfactory performance.
3. The City shall continue with the current practice of evaluating employees prior to the end of probation and annually upon the employee's anniversary date.

## **II. Furlough Leave Program**

### **A. General Provisions**

1. From July 1, 2010 through June 30, 2011, the parties agree that the City Manager may implement unpaid furloughs if needed because there is a significant reduction in revenues or increase in costs beyond that which has already been projected.
2. All unit employees shall be required to participate in the furlough program, if implemented.
3. The financial trigger for beginning furloughs shall be an additional projected deficit of \$2 million annually beyond that which was included and addressed in the FY 2010-11 Adopted Operating Budget, either through a decrease in revenues and/or an increase in costs.
4. The City shall end the furloughs if the combined General Fund major revenues (sales tax, transient occupancy tax (TOT), parking tax, property tax, and development related fees)

reach the level of Fiscal Year 2007-2008 actuals. If the furloughs end early, the amount of furlough leave each employee is required to take shall be based on the implementation date listed in Section II(B)(1). An employee who has not yet taken the required amount will still be required to take the required amount. An employee who has taken more than the required amount will be given the option of using vacation or compensatory time in lieu of furlough leave time for the excess furlough leave taken.

## B. Furlough Implementation

1. Employees shall be required to take a specified number of unpaid furlough hours in accordance with the schedule below:

<b>Employee Notification Date</b>	<b>Implementation Date (PPE)</b>	<b>Total Hours of Furlough</b>
7/9/2010	7/31/2010	80
7/23/2010	8/14/2010	80
8/6/2010	8/28/2010	80
8/20/2010	9/11/2010	80
9/3/2010	9/25/2010	76
9/17/2010	10/9/2010	72
10/1/2010	10/23/2010	68
10/15/2010	11/6/2010	64
10/29/2010	11/20/2010	60
11/12/2010	12/4/2010	56
11/24/2010	12/18/2010	52
12/10/2010	1/1/2011	48
12/22/2010	1/15/2011	44
1/7/2011	1/29/2011	40
1/21/2011	2/12/2011	36
2/4/2011	2/26/2011	32
2/18/2011	3/12/2011	28
3/4/2011	3/26/2011	24
3/18/2011	4/9/2011	20
4/1/2011	4/23/2011	16
4/15/2011	5/7/2011	12
4/29/2011	5/21/2011	8
5/13/2011	6/4/2011	4

2. The City shall notify the Association two weeks prior to the employee notification date listed in Section II(B)(1) that it intends to implement furloughs and provide the financial information supporting the decision. At the Association's request, the parties will meet to ensure that the financial trigger for furloughs has been met.
3. Furlough leave shall be credited to the employee at time of implementation. The employee may use the furlough leave as soon as it is credited and must take all of the required furlough leave by July 2, 2011. All furlough leave shall be taken without pay.
4. Employees must provide a requested furlough leave schedule to their supervisor within two weeks of receiving notification of the implementation of the furlough program. Supervisors will review all of the furlough leave requests and will respond back to each employee within 2 weeks after receiving all of the employee requests. Supervisors may either approve the requests as submitted or work with the employee(s) to find other dates that will have less impact on operations. If an employee does not submit his/her request for furlough leave within two weeks of implementation, the supervisor shall have the right

to schedule days off for that employee. Upon mutual agreement of the supervisor and the employee, the initial furlough leave schedule may be modified.

5. To the extent practical, furlough leave should be spread throughout the furlough period.
6. If an employee cannot take the furlough leave by July 2, 2011, the employee must request an exception in writing to use the furlough time after July 2, 2011. All exceptions must be approved by the employee's Department/Agency Head and the City Manager.
7. Employees hired after the implementation date and before June 30, 2011 will be required to participate in the furlough program. The number of unpaid furlough hours they are required to take will be determined based on the schedule in Section II(B)(1), using the pay period of hire as the implementation date.

**C. Furlough Procedures**

1. The City will comply with California Public Employees' Retirement System (CalPERS) regulations regarding furloughs.
2. Furlough leave taken shall count as hours worked for purposes of overtime.
3. Furlough leave hours used count toward credit for the earning of leave accruals and for purposes of meeting the 15-hour minimum for benefits eligibility as required in Section 6.02(C)(1) of the MOU between the City and the Association.
4. Employees who take a consecutive leave of absence during a designated furlough period and use their accrued leave time for full integration with disability programs will need to take the furlough leave hours. Employees who are on unpaid leaves of absence or are not fully integrating with disability programs shall be given credit toward the furlough requirements equal to the number of unpaid leave hours.
5. Furlough leave hours have no cash value.

**D. Alternatives to Furloughs**

1. The following classifications shall participate in an alternative to furlough due to minimum staffing requirements that preclude any cost savings normally achieved through a furlough program:
  - Communications Supervisor
  - Senior Public Safety Dispatcher
  - Public Safety Dispatcher
  - Public Safety Dispatcher Trainee
2. For these classifications, the vacation accrual rate shall be reduced by two (2) hours per pay period in accordance with the schedule below:

<b>Employee Notification Date</b>	<b>Implementation Date (PPE)</b>	<b>Total Hours of Furlough</b>	<b>Number of Pay Periods Accrual Reduced</b>
7/9/2010	7/31/2010	80	40
7/23/2010	8/14/2010	80	40
8/6/2010	8/28/2010	80	40
8/20/2010	9/11/2010	80	40
9/3/2010	9/25/2010	76	38

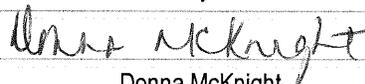
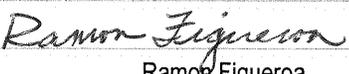
9/17/2010	10/9/2010	72	36
10/1/2010	10/23/2010	68	34
10/15/2010	11/6/2010	64	32
10/29/2010	11/20/2010	60	30
11/12/2010	12/4/2010	56	28
11/24/2010	12/18/2010	52	26
12/10/2010	1/1/2011	48	24
12/22/2010	1/15/2011	44	22
1/7/2011	1/29/2011	40	20
1/21/2011	2/12/2011	36	18
2/4/2011	2/26/2011	32	16
2/18/2011	3/12/2011	28	14
3/4/2011	3/26/2011	24	12
3/18/2011	4/9/2011	20	10
4/1/2011	4/23/2011	16	8
4/15/2011	5/7/2011	12	6
4/29/2011	5/21/2011	8	4
5/13/2011	6/4/2011	4	2

3. Pursuant to existing Communication Division procedures for vacation scheduling, employees may schedule annual vacation consistent with the vacation accrual rates in Section 5.02(A)(1) of the MOU between the City and the Association. If vacation accruals are exhausted at the time of the vacation leave, the employee may substitute compensatory time up to the amount of vacation leave deducted as a result of the alternative furlough program.

### III. PERS Health

The City agrees to return to PERS Health effective January 1, 2011.

Approved:

CITY OF ONTARIO		SAN BERNARDINO PUBLIC EMPLOYEES ASSOCIATION	
 Al C. Boling	07/09/10	 Stacey Cue	
 Linda Matthews	7/9/10	 Donna McKnight	
 Ramon Figueroa	7/9/10	 Ken Oubre	
		 Shannon Sanders	
		 Amber Smothermon	
		 Debbie Torrance	