

**SIDE LETTER BETWEEN CITY OF SAN PABLO AND
OPERATING ENGINEERS LOCAL 3**

This side letter is by and between City of San Pablo ("City") and Operating Engineers Local 3 ("OE3" or "Union") (collectively referred to as the "parties").

WHEREAS, the City and Union 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 Union 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 Union 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 OE3 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 OE3 2017-2021 MOU between the parties.

1. The parties agree to the following MOU changes:

ARTICLE 10. HOURS OF WORK

10.1 Hours of Work

Full-time employees may be assigned to one of the following, normal work schedules (work hours based on the following schedules shall be prorated at eighty percent (80%) of the normal work hours for .80 FTE's):

- A. 10/75: Employees assigned to a 10/75 schedule shall work a schedule of five (5) seven and one-half (7-1/2) hour workdays per work week. The workweek shall be defined as thirty-seven and one-half (37-1/2) hours per week, which shall be assigned on five (5) consecutive days, except as otherwise designated for employees on an alternate work schedule.
- B. 9/75: Employees assigned to a 9/75 work schedule shall work a two-workweek schedule of nine (9) 8.33-hour workdays, with the same, alternating day off every two-week period.

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- C. 8/75: 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 week 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.
- D. Assignment of an alternate work schedule shall only be made on a voluntary basis or after meeting and conferring, and in no case shall any Unit employee be assigned to a regular workweek on non-consecutive days. If an employee voluntarily accepts a workweek consisting of five (5) consecutive days which include a Saturday or Sunday, s/he shall be given written instructions prior to the change in schedule regarding procedures for reporting his/her unscheduled absences and for reporting and responding to City emergencies on these days.

Employees stationed at City Hall will work the hours of 7:30 A.M. to 6:00 P.M., Monday through Thursday. Public Works Maintenance Division employees' hours of work are from 7:00 AM to 3:50 PM Monday through Friday on the 9/75 work schedule, with the same alternating day off every two weeks.

- E. Furloughs: In Fiscal Year 2020/21, full time employees will take sixty (60) hours of unpaid furlough, of which three (3) full work days will be taken between July and December of 2020, and the remainder of the sixty (60) furlough hours will be taken between January and June 2021.

To achieve 60 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>6.4 days/year (9.375 hrs per day)</u>
<u>9/75</u>	<u>7.2 days/year (8.33 hrs per day)</u>
<u>10/75</u>	<u>8 days/year (7.5 hrs per day)</u>

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Furloughs for the FY 2020/21 will be scheduled by August 1, 2020 subject to approval by each individual employee's supervisor/manager.

Furloughs will be scheduled in such a way as to facilitate efficient and continuous provision of public service.

Failure to schedule the furlough days by August 1, 2020 will result in the manager scheduling the furlough on the employee's behalf.

Furloughs must be taken in full day increments, with the exception of the partial day amounts indicated above for employees on the 8/75 and 9/75 work schedules. Employees will not be permitted to use accrued, paid leave to cover designated furlough hours.

All overtime work performed in a week containing a furlough must be pre-approved by the City Manager or designee. Any employee 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.

ARTICLE 34. TERM OF AGREEMENT

This Agreement shall remain in full effect from July 1, 2017 to June 30, 2021. No later than March 20, 2021, the Union may exercise the right to extend this MOU in full force and effect to and including June 30, 2022. In the event the Union does not exercise the right to extend the MOU, it will expire June 30, 2021.

2. In addition to the MOU changes described above, the parties have met and conferred in good faith, and reached agreement over, the impacts and effects of maintaining one vacant position in the classification of Senior Maintenance Worker and one vacant position in the classification of Fiscal Clerk.
3. During the period beginning July 1, 2020 and ending June 30, 2021, there will be no layoffs of employees represented by the OE3 bargaining unit.
4. The City and OE3 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 OE3 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

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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 OE3 labor costs represent 11.8% of labor costs in the City; and therefore 11.8% of the Budget Stabilization Reserve funds available in FY 2020/21 above \$500,000 will be used to reduce/eliminate concessions for employees in the OE3 bargaining units.

As permitted based on Budget Stabilization Reserve fund amounts carried into FY 2020/21 above \$500,000, starting January 2021, on a prospective basis, furloughs scheduled between January and June 2021 may be reduced or eliminated.

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: July 9, 2020

FOR THE UNION



Date: 13 July of 2020