

**CITY OF GILROY
AND
AFSCME, LOCAL 101**

JUNE 2, 2009

SIDE LETTER AGREEMENT

Over the last two months, the City has been meeting with AFSCME, Local 101 on budget reductions involving items from the current AFSCME labor contract dated July 1, 2007 – June 30, 2010. The City of Gilroy and AFSCME, Local 101 have agreed to the following:

1. Furlough

Twenty-four (24) days (192 hours) of furloughs in Fiscal Year 2009-2010.

Twenty-four (24) days (192 hours) of furloughs Fiscal Year 2010-2011.

City Hall closed the 1st and 3rd Friday of every month. To reduce pay fluctuations as a result of furloughs, the pay-rate for all bargaining unit members will be reduced by 9.23% for both Fiscal Year 2009-2010 and Fiscal Year 2010-2011. [Note: given the nature of the work, works schedules, and/or staffing levels, special arrangements for communications, records, water, streets/sewer will be made to accomplish the furlough or comparable reduction.] It is understood by the City of Gilroy and AFSCME Local 101 that detailed procedures will be developed for the implementation of the work furlough. The parties will work together to develop the procedures and communicate information to employees.

2. Wage Freeze

Eliminate Fiscal Year 2009-2010 wage increases

- 2% wage increase scheduled for July 1, 2009 is eliminated
- 2% wage increase scheduled for January 1, 2010 is eliminated

3. Merit Salary Increases

Reinstate Merit Increases and Upgrades for the period of March 2009-June 2009.

Eliminate Merit Increases and Upgrades for Fiscal Year 2009-2010 (July 1, 2009 – June 30, 2010).

4. Medical

Increase City contribution by 5% in each year of MOU – 5% increase to medical contribution already in place for January 1, 2010. This same model would be applied on January 1, 2011 and January 1, 2012. Keep medical cap program intact.

5. Tuition Reimbursement

Eliminate Tuition Reimbursement (reimbursement of up to \$1,000 per employee) for Fiscal Year 2009-2010 (July 1, 2009 – June 30, 2010).

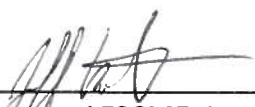
6. MOU Term

Extend Agreement to June 30, 2013. There will be no scheduled wage increases during the extension period (July 1, 2010 – June 30, 2013).

For AFSCME, Local 101:



Gary Muraoka, AFSCME Local 101 President



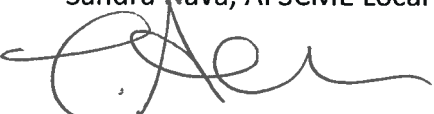
Jeff Castro, AFSCME, Local 101 Vice President



Randy Carpenter, AFSCME Local 101 Secretary

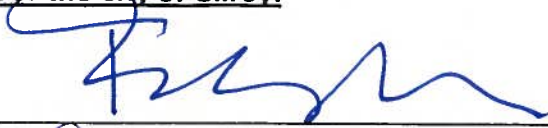


Sandra Nava, AFSCME Local 101 Treasurer

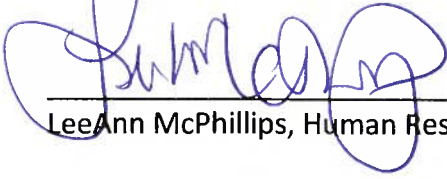


Tina Acree, AFSCME Local 101 Business Agent

For the City of Gilroy:



Thomas J. Haglund, City Administrator



LeeAnn McPhillips, Human Resources Director

Charles Sakai, Labor Negotiations Counsel



Human Resources Department

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95020

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<http://www.ci.gilroy.ca.us>

LeeAnn McPhillips
HUMAN RESOURCES
DIRECTOR/RISK MANAGER

June 25, 2009

TITLE: AFSCME Furlough Time Off Procedures (July 1, 2009 – June 30, 2011)

PURPOSE:

This administrative procedure outlines the steps for administering furlough days off for AFSCME unit employees in accordance with the agreement between the City of Gilroy and AFSCME, Local 101 that was approved by the Gilroy City Council on June 8, 2009.

GENERAL:

Effective July 1, 2009 and continuing through June 30, 2011, the City will institute a furlough program for AFSCME employees consisting of sixteen hours of furlough time per month. Accordingly, each AFSCME employee's pay will be reduced by sixteen hours per month over the next two fiscal years. Most City offices will be closed on the first and third Fridays of each month. Most employees will be furloughed on the first and third Fridays, which shall serve to achieve the sixteen furlough hours per month. Employees on furlough on these dates shall not work.

The following are the procedures for furlough implementation for this unit (procedures specific to Community Services Operations, Police Records, Police Communications, and Police NRU Community Services Officers are noted below):

- Employees will designate a column on their timesheet with the header of "FT" to designate the time as furlough time.
- Unless specified below or approved in advance by the City Administrator, AFSCME unit employees shall observe the sixteen hours of furlough on the first and third Fridays of each month with each day being counted as an eight (8) hour day.
- If an AFSCME employee is required to work on a mandatory scheduled furlough day, it is the responsibility of the employee and his/her manager/supervisor to schedule an alternate furlough day during the same pay period. The pay period is the calendar month, therefore, the employee must submit a "supplemental" timesheet for that month if the alternate furlough day takes place on or between the 21st of the month and the 31st of the month. The furlough day shall be taken in a full eight (8) hour day increment. If the employee fails to schedule and take off an alternate day in the same pay period, the furlough day will be forfeited by the employee. Pay shall still be reduced by 16 hours for that pay period. Variations to the mandatory furlough schedule, except as provided below, are subject to approval by the City Administrator.

- Employees on schedules other than the standard 5-8 schedule will revert back to a 5-8 schedule during the furlough period to ensure that mandatory furlough days are observed and customer service is provided to both external and internal customers. Should an AFSCME employee remain on an alternate work schedule during this furlough period, a specific furlough schedule and plan will need to be approved in advance for that employee which reflects sixteen hours of furlough time off each month. This plan requires the advance approval of the employee's supervisor, manager, department head, and city administrator.
- Furlough time shall not vest with the employee. Furlough time has no cash value to the employee.
- The sixteen hours of furlough time per month represents a reduction in pay equivalent to 9.23% of monthly salary (base plus salary and benefit rollup costs).
- The reduction in pay will be reflected in each monthly payroll check for FY 10 and FY 11.
- Using the attached CalPERS circular letter as a guide, the City shall follow the reporting procedures outlined in the circular letter for reporting the furlough to CalPERS.
- With the exception of public safety operations, City offices shall be closed on the following dates:

FY 09-10

- July 2, 2009 (4th of July holiday observed on July 3, 2009)¹
- July 17, 2009
- August 7, 2009
- August 21, 2009
- September 4, 2009
- September 18, 2009
- October 2, 2009
- October 16, 2009
- November 6, 2009
- November 20, 2009
- December 4, 2009
- December 18, 2009
- December 31, 2009 (1st of January holiday observed on January 1)²
- January 15, 2010
- February 5, 2010
- February 19, 2010
- March 5, 2010
- March 19, 2010
- April 2, 1010
- April 16, 2010
- May 7, 2010
- May 21, 2010
- June 4, 2010
- June 18, 2010

FY 10-11

¹ Consistent with existing holiday practices, furlough days that fall on a scheduled holiday will shift from Friday to Thursday.

² Consistent with existing holiday practices, furlough days that fall on a scheduled holiday will shift from Friday to Thursday.

- July 2, 2010
 - July 16, 2010
 - August 6, 2010
 - August 20, 2010
 - September 3, 2010
 - September 17, 2010
 - October 1, 2010
 - October 15, 2010
 - November 5, 2010
 - November 19, 2010
 - December 3, 2010
 - December 17, 2010
 - January 7, 2011
 - January 21, 2011
 - February 4, 2011
 - February 18, 2011
 - March 4, 2011
 - March 18, 2011
 - April 1, 2011
 - April 15, 2011
 - May 6, 2011
 - May 20, 2011
 - June 3, 2011
 - June 17, 2011
- In the event an AFSCME employee separates from employment for any reason during the term of this agreement and prior to the end of a month, any unused furlough hours for the month will be forfeited.
 - During the term of the furlough, newly hired AFSCME employees will be hired with furlough-adjusted pay and will participate in the furlough upon hire and through the term of the agreement.
 - In the event that an employee is on any type of protected leave with pay (FMLA, workers comp, CFRA, PDL, etc.) the employee shall still be required to observe the furlough days with the understanding that any paid time will be reported and may decrease any benefit being received from outside sources such as workers compensation or long-term disability insurance. The employee's timesheet shall reflect the mandatory scheduled furlough hours on the designated closure date or pre-determined date.
 - In the event that an employee is on any type of protected leave without pay (FMLA, workers comp, CFRA, PDL, etc.) for an entire pay period or more that includes mandatory scheduled furlough hours, the employee shall not be required to document the furlough hours and shall not be required to carry over the furlough hours to the next pay period.
 - In the event that an employee is out on any type of authorized unprotected leave with pay, the employee shall still be required to observe the sixteen hours of furlough required each month during the term of this agreement.
 - In the event that an employee is out on any type of authorized unprotected leave without pay for an entire pay period or more that includes mandatory scheduled furlough hours, the

employee shall not be required to document the required furlough hours and shall not be required to carry over the furlough hours to the next pay period.

- The following work groups shall observe the below stated exceptions to the furlough procedures noted above:

Water/Streets/Sewer Operations

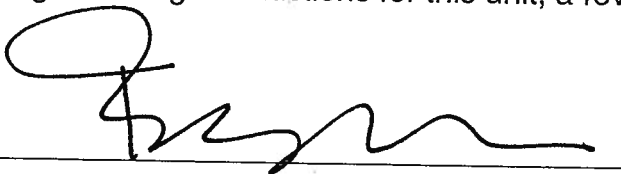
Community Services Operation employees shall observe the mandatory furlough as described above. The only exception is for employees in the Water and Streets/Sewer/Tree Sections who are assigned to stand-by duty and call back. These employees shall follow the existing AFSCME MOU as it relates to Stand By and Call Back (General Unit MOU, Article V. Section I and J and the Supervisory MOU, Article V. Section H and I). Call back time on a mandatory furlough day shall be paid in same manner call back time is paid on a Saturday or Sunday.

Police Records Unit and Community Services Officers

Employees in the Police Records Unit and employees in the job classification of Community Services Officer shall observe the mandatory furlough each month. Although the police department lobby will be closed, Records Unit employees and CSOs must perform work on the first and third Fridays of each month. Given this, employees in this work group shall have flexible furlough hours as determined through scheduling by the supervisor and manager based upon the needs of the department. Each employee shall be scheduled to observe sixteen furlough hours each month. The supervisor shall post a monthly schedule in advance which designates the work hours and furlough hours for each employee.

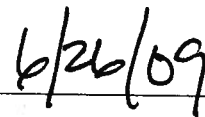
Communications Unit

Employees in the Communications Unit shall observe the mandatory furlough each month. Although the police department lobby will be closed, Communications Unit employees must perform work on the first and third Fridays of each month as the Communication Center cannot close. Given this, employees in this work group shall have flexible furlough hours as determined through scheduling by the supervisor and manager based upon the needs of the department. Each employee shall be scheduled to observe sixteen furlough hours each month. The supervisor shall post a monthly schedule in advance which designates the work hours and furlough hours for each employee. Given the current reduced staffing level in the Communications Unit, alternate solutions for observing the furlough or achieving the budget reductions may be discussed in the future. If agreement is reached between the City and AFSCME that results in a change to the furlough or budget reductions for this unit, a revised agreement and procedure will be developed.



Thomas J. Haglund

City Administrator



Date

RESOLUTION NO. 2009-21

**RESOLUTION APPROVING A SIDE LETTER CONCESSION AGREEMENT
BETWEEN THE CITY OF GILROY AND THE AMERICAN FEDERATION OF
STATE, COUNTY, AND MUNICIPAL EMPLOYEES (AFSCME, LOCAL 101)**

The City Council of the City of Gilroy hereby resolves as follows:

WHEREAS, the City is experiencing revenue losses for a sustained period of multiple years, therefore, revenues are not keeping pace with expenditures; and

WHEREAS, the local, state, and national economy is seeing unprecedented economic losses, substantially declining property values, and declining sales tax revenue as consumers curtail spending. As a result, the City has experienced significant revenue losses and expects these losses to continue for multiple years; and

WHEREAS, the City has made over \$8.0 million in cuts through spending reductions, a hiring freeze, and layoffs; and

WHEREAS, the City requested to meet and confer with all bargaining units, including AFSCME, Local 101, in an effort to find solutions to the City's financial situation; and

WHEREAS, AFSCME, Local 101 agreed to meet and confer and discuss possible cost saving measures; and

WHEREAS, AFSCME, Local 101 concluded their discussions with the City; and

WHEREAS, a Side Letter of Agreement outlining cost saving measures for AFSCME Local 101 was ratified by the AFSCME, Local 101 membership; and

WHEREAS, AFSCME, Local 101 has made a contribution of \$1.1 million through concessions from the 103 AFSCME, Local 101 members; and

WHEREAS, details of the Side Letter Agreement between the City and AFSCME, Local 101 are included in Exhibit A to this resolution.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Gilroy approves the Side Letter of Agreement and agrees that the City Administrator has the authority to implement the Side Letter of Agreement and to create administrative procedures for the implementation of the agreed upon unpaid furloughs.

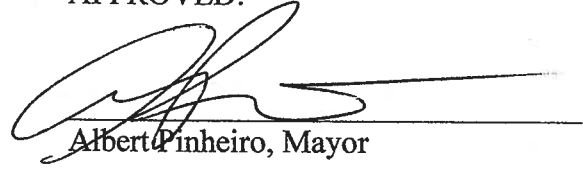
PASSED AND ADOPTED this 8th day of June, 2009 by the following vote:

AYES: **COUNCILMEMBERS:** **ARELLANO, BRACCO, DILLON,**
TUCKER and PINHEIRO

NOES: COUNCILMEMBERS: GARTMAN, WOODWARD

ABSENT: COUNCILMEMBERS: NONE

APPROVED:

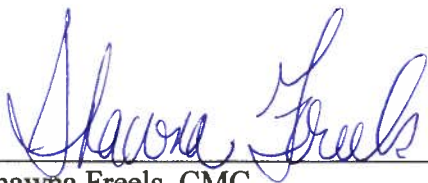

Albert Pinheiro, Mayor

ATTEST:


Shawna Freels, City Clerk

I, SHAWNA FREELS, City Clerk of the City of Gilroy, do hereby certify that the attached Resolution No. 2009-21 is an original resolution, or true and correct copy of a city resolution, duly adopted by the Council of the City of Gilroy at a regular meeting of said Council held on the 8th day of June, 2009, at which meeting a quorum was present.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the City of Gilroy this 11th day of June, 2009.



Shawna Freels, CMC
City Clerk of the City of Gilroy

(Seal)