

MEMORANDUM OF UNDERSTANDING

Between

**PROGRAM, ADMINISTRATIVE AND
SUPPORT
EMPLOYEES ASSOCIATION**

And

THE CITY OF DAVIS

February 2, 2010 – June 30, 2012

February 2, 2010 – June 30, 2012

MEMORANDUM OF UNDERSTANDING FOR:

**PROGRAM, ADMINISTRATIVE AND SUPPORT EMPLOYEE
ASSOCIATION**

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RESOLUTION NO. 10-018, SERIES 2010

**RESOLUTION ADOPTING A MEMORANDUM OF UNDERSTANDING
WITH PROGRAM ADMINISTRATIVE AND SUPPORT EMPLOYEES ASSOCIATION**

WHEREAS, the City Council of the City of Davis, pursuant to California Government Code sections 3500 et seq., enacted an employer-employee relations policy with its adoption of Resolution No. 1303, Series 1973, dated June 26, 1973; and

WHEREAS, under the terms of that policy the City Manager and his representatives and the individual management employees have met and conferred in good faith; and

WHEREAS, the City Council of the City of Davis previously passed and adopted Resolution No. 06-79, Series 2006. A Resolution Adopting Memorandum of Understanding with Program Administrative, and Support Employees, on May 16, 2006; and

WHEREAS, in accordance with said Memorandum, the City Manager and his representatives and the Program Administrative, and Support Employees have reached agreement in regards to a successor agreement; and

WHEREAS, these parties have reached agreement on matters relating to the employment conditions of the said employees, as reflected by the written Memorandum of Understanding, which is attached hereto and made a part hereof; and

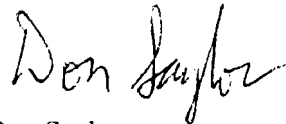
WHEREAS, this Council finds that the provisions and agreements contained in said Memorandum, as amended, are fair and proper and in the best interests of the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Davis that the terms and conditions contained in said Memorandum of Understanding are hereby adopted, subject to ratification by Program, Support and Administrative Employees.

PASSED AND ADOPTED by the City Council of the City of Davis on this 2nd day of February, 2010 by the following vote:

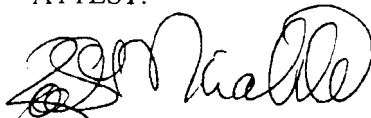
AYES: Asmundson, Greenwald, Saylor, Souza

NOES: Heystek



Don Saylor
Mayor Pro Tempore

ATTEST:



Zoe S. Mirabile, CMC
City Clerk

MEMORANDUM OF UNDERSTANDING

WITH

PROGRAM, ADMINISTRATIVE AND SUPPORT EMPLOYEES ASSOCIATION

PREAMBLE

This Memorandum of Understanding is made and entered into by and between the CITY OF DAVIS, hereinafter referred to as "CITY", PROGRAM, ADMINISTRATIVE AND SUPPORT EMPLOYEES ASSOCIATION, hereinafter referred to as "ASSOCIATION", on behalf of all employees of the Program, Administrative and Support and the Confidential Units represented by ASSOCIATION, pursuant to California Government Code sections 3500 et seq., and CITY Resolution No. 1303, Series 1973, dated June 26, 1973, for submission to the City Council of the City of Davis for ratification as set forth in Government Code Section 3505.1 and Article VIII of CITY Resolution No. 1303, Series 1973.

The parties agree that this Memorandum of Understanding shall be submitted to the City Council of CITY with the joint recommendation of the designated representatives of the parties that the body resolve to adopt its terms and conditions and to take such other and additional action as may be necessary to implement its provisions.

The parties have met and conferred in good faith through their designated representatives concerning those matters set forth in Government Code § 3504 and have reached agreement thereon as set forth below.

The term "Agreement" as used herein means the written agreement provided for under §3505.1 of the Government Code.

ARTICLE I

RECOGNITION

The CITY recognizes PASEA as the exclusive bargaining representative of the employees in the Program, Administrative and Support and the Confidential Units.

ARTICLE II

ASSOCIATION RIGHTS

PAYROLL DEDUCTIONS

It is the intent of this Article to provide for payroll deductions of bargaining units represented by PASEA to be deducted from their warrants in so far as permitted by law. The CITY agrees to deduct and transmit to PASEA all authorized deductions from all PASEA Bargaining Unit Members who assigned and approved authorization card or cards for such deductions in a form agreed upon by the CITY and PASEA. The CITY shall continue its implementation of the agency shop and provisions in accordance with California Government Code § 35025.

CONFERENCE LEAVE

CITY agrees to grant one paid leave of up to two (2) consecutive days during the fiscal year covered by this agreement to one (1) member of the ASSOCIATION selected by ASSOCIATION from among the employees in the units covered by this Memorandum of Understanding to attend one (1) conference that is specifically directed to the subject of employer-employee relations. This benefit is limited to a total of one (1) employee selected from among the three (3) representation units that are represented by the ASSOCIATION. CITY shall assume no obligation whatsoever for any costs or expenses that are incurred in connection with the attendance of the designated ASSOCIATION member at such conference; nor will CITY grant any benefits of any kind to the extent that such designated employee member of the ASSOCIATION attends the conference while not regularly scheduled to be on duty.

MEMBER COUNSELORS

CITY recognizes that ASSOCIATION has established "Member Counselors", regular, full-time CITY employees who represent ASSOCIATION, to handle grievances pertaining to the employer-employee relations resolutions (Resolution No. 1303, Series 1973). A current list of Member Counselors shall be made available to CITY together with any changes thereto.

ASSOCIATION will not exceed a ratio of one (1) Member Counselor to every 100, or fraction thereof, regular, full-time classified service employees represented by ASSOCIATION.

The Member Counselors' duties shall be as follows: To investigate and discuss a grievance with any employee within his or her area of representation. If, after a discussion, there is a valid

reason for the grievance to be filed, the Member Counselor may assist the employee in presenting the grievance at the appropriate step of the procedure.

It is agreed that Member Counselors shall keep to a minimum the on-duty time spent in the performance of their duties as outlined in this section and at all other times continue to perform their assigned jobs.

A Member Counselor shall request permission from his or her supervisor to conduct, on CITY time, ASSOCIATION business falling within the provisions of this section only in an emergency situation. The supervisor may grant such activity time after considering the needs of the CITY and the individual Member Counselor's work assignment. The Member Counselor shall state the nature of his or her activity and the approximate amount of time requested. He or she shall report to his or her supervisor upon completing such activity. Every effort shall be made by the Member Counselor to conduct ASSOCIATION business at the end of his or her regularly assigned shift.

ASSOCIATION LEAVE

Upon request of the ASSOCIATION of not less than two working days, the CITY may grant 1 day per contract year of ASSOCIATION leave to the President, Vice President, Secretary, and Treasurer of PASEA. Such leave will not result in loss of compensation or benefits, including credit for vacation, holiday, and sick leave. Such leave will not constitute a break in the employee's continuous service for the purposes of salary adjustments, sick leave, vacation or seniority. The one day per contract year shall be transferable between the officers of PASEA. The CITY reserves the right to refuse PASEA leave requests due to work requirements.

The CITY shall be reimbursed by the ASSOCIATION for all compensation paid the employee on account of such leave as identified in 2.8 and for any incidental costs.

AGENCY SHOP

It is recognized that PASEA owes the same responsibilities to all employees in the representation unit, and has a duty to provide fair and equal representation to all employees in all classes in the unit whether or not they are members of PASEA.

All employees in the representation unit, who have chosen not to join the ASSOCIATION pursuant to Government Code § 3502.5 (c), on or after November 18, 1987 shall, as a condition of continued employment, beginning with the second full pay period after such effective date and until the termination of the Agreement, either:

- (1) Become a member of PASEA; or

(2) Pay to PASEA a fair share fee for services rendered by the regular membership, less costs which are not related to the administration of this Agreement and the representation of this Agreement and the representation of employees, but in no event to exceed 90% of the regular membership dues, provided, however, that each employee will have available to him/her membership in PASEA on the same terms and conditions as are available to every other member of PASEA; or

(3) (a) Execute a written declaration that the employee is a member of a bona fide religion, body, or sect which holds a conscientious objection to joining or financially supporting any public employee organization as a condition of employment; and

(b) Pay a sum equal to the agency fee described in Subsection (2) to a non-religious, non-labor charitable fund chosen by the employee from those charities listed below:

American Cancer Foundation
American Heart Association
American Red Cross
March of Dimes
United Way

The employee shall furnish written proof to the CITY and PASEA that this contribution has been made.

The condition of employment specified above shall not apply during periods of separation from the representation unit by any such employee but shall reapply to such employee commencing with the third full pay period following the return of the employee to the representation unit. The term separation includes transfer out of the unit, layoff, and leaves of absence with a duration of more than two full pay periods.

The condition of employment specified above shall not apply to newly-hired employees until the beginning of the third full pay period of employment.

ARTICLE III

EMPLOYEE RIGHTS

Employees of the CITY shall have the right to form, join and participate in the activities of an employee organization of their own choosing for the purpose of representation on matters of employer-employee relations, including but not limited to wages, hours, and other terms and conditions of employment. Employees of the CITY also shall have the right to refuse to join or participate in the activities of employee organizations and shall have the right to represent themselves individually in their employment relations with the CITY. Employees have the rights as provided in the CITY's Employer/Employee Relations Resolution No. 1303, Series 1973 as amended.

ARTICLE IV

CITY RIGHTS

The rights of the CITY include, but are not limited to, the exclusive right to determine the mission of its constituent departments; set standards of service; determine the procedures and standards of selection for employment and promotion; direct its employees; take disciplinary action for proper cause; relieve its employees from duty because of lack of work or for other legitimate reasons; maintain the efficiency of governmental operations; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; and exercise control and discretion over its organization and the technology of performing its work. Provided however, that the exercise of such exclusive rights does not preclude affected recognized employee organizations from consulting or filing grievances with the CITY regarding the practical consequences that decisions on these matters may have on employees.

ARTICLE V

GRIEVANCE PROCEDURE

The Grievance Procedure currently contained in Article VIII of the City of Davis Personnel Rules & Regulations, passed and adopted by the City Council on September 13, 2000, as may be amended in the future, shall be incorporated herein by reference and shall be applicable to all grievances relating to all disputes arising out of the interpretation of this Memorandum of Understanding. This reference shall not limit, in any way, the rights of any employee to grieve those matters subject to grievance as delineated in Article VIII of the Personnel Rules and Regulations.

ARTICLE VI

COMPENSATION

A. Furloughs

Seven (7) furlough days to be taken in FY2009/10 between December 15, 2009 – June 30, 2010. City Offices will be closed six (6) days between January 2010 and June 30, 2010. One (1) additional furlough day will be taken as a floating day.

(In lieu of one furlough day, employee may elect to return 16 hours of accrued vacation leave to the City.) Leave without pay taken by any employee during the 2009 winter holiday closure may be credited as the one (1) additional floating furlough day for FY2009/10 if the employee so chooses.

Employees whose positions have already been downgraded or changed from full-time to part-time or part-time 75% to part-time 50% because of budget cuts in FY2009/2010 will not have to take furlough days in FY2009/2010, but will be obligated to take them in FY2010/2011 and FY2011/2012.

Five (5) furlough days to be taken in FY2010/11. City Offices will be closed five (5) days between July 1, 2010 and June 30, 2011.

Two (2) furlough days to be taken in FY2011/12. The two (2) furlough days will be taken as floating days.

Re-Opener Clause / Furloughs

In recognition of the uncertainty surrounding the long-term budget outlook, the City and bargaining group agree to re-open this MOU specifically to discuss the number of furlough days for fiscal year 2011/12 (Year 3). Accordingly, the parties agree to meet and confer no later than April 1, 2011 to consider options such as:

a) increasing the number of furlough days in FY2011/12 by no more than three (3) additional days, if combined City property and sales tax revenues for FY2011/12 are projected to increase by less than 1% over FY2010/11 levels.

b) reducing the number of furlough days by no more than two (2) days, if combined City property and sales tax revenues for FY2011/12 are projected to increase by more than 3% above FY2010/11 levels.

B. Cost of Living Increases

Effective July 1, 2010 EMPLOYEES will receive a two percent (2%) cost of living salary increase.

Effective July 1, 2011 EMPLOYEES will receive a three percent (3%) cost of living salary increase.

CITY agrees to initiate a total compensation study to be completed by March 31, 2012 for the purpose of discussing market adjustments for total compensation for benchmark positions with the comparison agencies as agreed to below. The eight current components used for total compensation analysis shall include the cost borne by the CITY for: salary, retirement, vacation, holidays, health, dental, life insurance, and long term disability.

CITY and ASSOCIATION have met several times and discussed the list of comparative agencies for future compensation surveys for ASSOCIATION represented benchmark positions. CITY provided ASSOCIATION with data compiled from CITY files that does not indicate any insufficiency with the current comparison agencies list and that the current list of comparison agencies is reflective of where the CITY draws its employees and there is no compelling reason to substitute this list.

The current comparison agencies used for negotiation purposes are as follows:

- City of Citrus Heights
- City of Fairfield
- City of Folsom
- City of Lodi
- City of Napa
- City of Rocklin
- City of Roseville
- City of Vacaville
- City of Walnut Creek
- City of West Sacramento
- City of Woodland
- UC Davis

MERIT SALARY ADJUSTMENTS (MSA)

Movement between steps in the salary range shall be paid upon merit and effective performance.

Upon written recommendation of the appropriate supervisor, an employee who is eligible for a MSA may be moved to the next step of the salary range effective on the due date after completion of the required qualifying service after appointment, last MSA, promotion, or reclassification.

MULTI-LINGUAL PAY

City agrees to pay \$75.00 per month per certified employee for bilingual pay under the following conditions:

A. Certification.

1. Certification of proficiency will be accepted upon successful completion of written and oral test administered by Language Dynamics of Sacramento.
2. Employees will pay to be tested the first time. Employees will be reimbursed for 100% of the test if they pass.
3. If an employee fails the initial test, all expenses associated with requests for subsequent re-testing will be paid in full by the employee.
4. Tuition Reimbursement may not be used for costs of actual testing. Tuition Reimbursement may be used for pre-approved courses in approved languages.

B. Approved Languages.

1. Certified competency in the following languages will qualify for bilingual pay:
 - Russian
 - Spanish
 - Cambodian
 - Vietnamese
 - Laotian
2. Should the CITY deem it necessary to add additional languages to meet departmental needs, the Human Resources Administrator may request additional languages be approved to the City Manager.

C. Effective Dates.

1. Employees covered by this MOU are eligible from the first day of hire to qualify to be tested and to qualify for receipt of bilingual pay.

ARTICLE VII
HOURS OF WORK, OVERTIME, AND SCHEDULING

The standard work week for all employees shall be from 12:01 a.m. Monday to midnight the following Sunday. The standard work schedule for full time employees shall be 40 hours per work week.

When an employee is required to work part or all of his or her regularly scheduled meal period, such time will be considered time worked. In such a case, the meal period may be re-scheduled by the supervisor.

REST BREAK FOR 10 HOUR SHIFTS

The basic intent is to provide three daily rest breaks: Two fifteen minute breaks, and one ten minute rest break.

The fifteen minute period is the total rest period time for each of two of the day's breaks, and any travel time is to be included as part of the fifteen minute period. The ten minute period is the total rest period for one of the day's breaks, and any travel time is to be included as part of the ten minute period.

The rest break(s) shall be scheduled on as flexible a basis as possible, taking into account the need to provide continuing services and the intent to provide three rest breaks daily, if possible. No more than two such rest periods shall occur in any half of the work period.

If circumstances result in the loss of a rest break, or two or three, on any given day, the break time is lost and shall not be taken on any other subsequent day.

A rest break, or breaks, shall not be accumulated or eliminated on any day as a method of reducing the time in a total daily work period. For example, it is not appropriate to skip a rest break in order to take an extra fifteen minutes at lunch time. It would also not be appropriate to skip a break, or breaks, and come in late at the start of the daily work period, or leave early at the end of the daily work period.

REST BREAKS FOR 8 HOUR SHIFTS

The basic intent is to provide two daily rest breaks of fifteen minutes each: fifteen minutes during the first half of the work period, and fifteen minutes during the last half of the work period. The fifteen minute period is the total rest period, and any travel time is to be included as part of the fifteen minute period.

The rest break(s) shall be scheduled on as flexible a basis as possible, taking into account the need to provide continuing services and the intent to provide two rest breaks daily, if possible.

If circumstances result in the loss of a rest break, or both rest breaks, on any given day, the break time is lost and shall not be taken on any other subsequent day.

A rest break, or breaks, shall not be accumulated or eliminated on any day as a method of reducing the time in a total daily work period. For example, it is not appropriate to skip a rest break in order to take an extra fifteen minutes at lunch. It would also not be appropriate to skip a break, or breaks, and come in late at the start of a daily work period, or leave early at the end of the daily work period.

WORK WEEK

Authorized time worked in excess of 40 hours in a work week is overtime. Paid sick leave, paid vacation, and compensatory time off shall not be counted as time worked for purposes of this article.

COMPENSATORY TIME

All overtime shall be compensable by cash or compensatory time off, as determined by the supervisor in consultation with the employee, at a rate of 1 1/2 times the straight time rate of pay for authorized work performed in excess of 40 hours per week.

Compensatory time off shall be taken on a date mutually agreed upon by the employee and the supervisor with due consideration given to the needs of the CITY and current departmental work loads. Each employee shall be allowed to accrue 120 hours of compensatory time off. Compensatory time off in excess of said amount shall be paid off by the CITY in cash.

ARTICLE VIII

BENEFITS

CITY agrees to continue the increased Level Four (4) 1959 Survivor's Benefits Payments as permitted by Government Code section 21574, as set forth below:

SURVIVORS' BENEFITS PAYMENT SCHEDULE

<u>Beneficiary</u>	<u>Monthly Benefit</u>
1. Spouse and two or more dependent children, or three or more dependent children alone:	\$2,280.00
2. Spouse and one dependent child, or two dependent children alone:	\$1,900.00
3. Spouse alone, age 62, or one dependent child alone:	\$950.00
4. If there is no spouse or dependent child, then to each dependent parent (age 62):	\$ 950.00

SECTION A §125 FLEXIBLE BENEFIT PLAN

In accordance with “The City of Davis Flexible Benefits Plan” adopted November 21, 2006, the city provides a 125 Flexible Benefit Plan ("the Plan"). The regular and intended effect of the Plan, under current law, is to enable employees to choose between (a) the receipt of benefits which may not be subject to either State or Federal income tax or (b) a cash benefit which is subject to tax, but is not included in the employee’s hourly rate. The details of Plan eligibility and operational requirements are set forth in the Plan documents.

Once enrolled in a cafeteria distribution plan, employees will only be permitted to modify the plan on the same basis as changes are permitted in health and dental insurance plans, that is, during open enrollment periods and when the employee's dependent status changes.

1. The CITY shall make a monthly contribution as set forth below to each eligible member of the unit to be used toward the § 125 Flexible Benefit Plan.

These funds shall only be used for qualified benefits as provided for in IRC § 125. Excess benefit dollars (up to \$1,483.08 per month) shall be added to each employee's taxable earnings. Employees hired after February 8, 2010 are subject to the additional limitations set forth below in Section B.

2. All employees must enroll in one of the PERS health program plans unless they submit to the CITY proof of health coverage.
 - A. Employees who fail to complete this requirement will be enrolled in the lowest cost health insurance policy the CITY offers through CalPERS.
 - B. Employees who meet the requirement shall be allowed to utilize their § 125 Flexible Benefit Plan contributions for any of the other qualified benefits as provided for in IRC § 125.
3. The term eligible employee for this article shall include:
 - A. Regular full-time employees as defined in the Personnel Rules.
 - B. Regular part-time employees as defined in the Personnel Rules. Regular part-time employees would receive prorated benefits based on the percentage of full-time equivalency. For example a regular employee budgeted at 30 hours per week will receive 75% of cafeteria benefit.

SECTION B CITY § 125 BENEFIT CONTRIBUTION AND CASH IN LIEU

1. The CITY will make available to each covered employee a monthly amount equal to the sum of the following health and dental benefits. This amount can be used to either pay for the benefit or it may be taken (up to specified limits) as cash in lieu if the above criteria are met. The amount allotted for health and dental premiums is the only CITY contribution that can be taken as cash in lieu, and the cash in lieu option for current employees is capped at a maximum of \$1,483.08 per month.

2. For those employees hired after February 8, 2010, a lower "cash out" cap applies. If such an employee uses the health and/or dental insurance benefit, then the difference between the premium and \$500 can be cashed-out each month provided a proper election has been made. If such an employee has outside health/dental insurance coverage (such as through a spouse, domestic partner or alternative retirement), the employee can cash-out a maximum of \$500 per month provided a proper election has been made.

3. Any and all "cash outs" will be treated as taxable earnings.

HEALTH BENEFITS CONTRIBUTION

Effective January 1, 2010, CITY shall contribute towards each EMPLOYEE member's cafeteria benefit plan an amount equal to the premium for the group health insurance plan available from Kaiser-Bay Area for an employee and two or more dependents sponsored by the CITY through Public Employees Retirement System.

Effective December 2010, CITY will contribute the first 3% of any increases in health premiums (set to Kaiser-Bay Area Employee +2 plan); EMPLOYEE will contribute the next additional 3% of health premium increases for the benefit year. Any increase in the premium above 6% will be shared equally (50/50 cost sharing) between CITY and EMPLOYEE.

Effective December 2011, CITY will contribute the first 3% of any increases in health premiums (set to Kaiser-Bay Area Employee +2 plan); EMPLOYEE will contribute the next additional 3% of health premium increases for the benefit year. Any increase in the premium above 6% will be shared equally (50/50 cost sharing) between CITY and EMPLOYEE.

The following CalPERS health care programs are currently offered:

Blue Shield HMO	PERS Care
Kaiser	PERS Choice
Blue Shield Net Value	PERS Select

DENTAL BENEFITS CONTRIBUTION

Effective July 1, 2010, and continuing for the term of this AGREEMENT, CITY shall contribute towards each ASSOCIATION member's cafeteria benefit plan the total monthly premium, for the term of this contract, effective July 1, 2010 for the CITY'S self-funded dental plan for employee with two or more dependents. CITY will continue to include unmarried dependents through age 22 consistent with the CITY'S health benefits, in the dental insurance program.

LIFE INSURANCE & LONG-TERM DISABILITY BENEFIT

The CITY will make available to each covered employee a monthly amount equal to the sum of the following life and long term disability insurance benefit payments. Participation in the life insurance and long term disability insurance is mandatory and these premiums may not be taken as cash in lieu.

1. Effective January 1, 2010, and continuing for the term of this AGREEMENT, CITY shall contribute towards each ASSOCIATION member's cafeteria benefit plan the amount to purchase a \$30,000 policy. Purchase of this policy is mandatory.

This policy will carry an accidental death and dismemberment (AD&D) rider. The AD&D rider provides a benefit of up to \$30,000 subject to the terms and conditions of the policy.

2. The CITY shall provide long term disability (LTD) insurance coverage for all employees. Effective January 1, 2010, and continuing for the term of this AGREEMENT, CITY shall contribute towards each ASSOCIATION member's cafeteria benefit plan the amount to purchase the Long Term Disability Benefit provided in City of Davis Self-Insured Long Term Disability Plan. Purchase of this policy is mandatory.

Current Benefits

Up to 66 2/3% of the monthly salary. Payments to be paid during the disability until age 65. See City of Davis Self-Insured Long Term Disability Plan passed and adopted by City Council on December 5, 2001.

Waiting Period

Benefits shall begin 30 calendar days after occurrence.

OPTIONAL BENEFITS

The CITY agrees to make available to each covered employee the following optional benefits. Participation in these benefits is optional, and there will be no additional contribution by the CITY to purchase these benefits.

1. SUPPLEMENTAL LIFE

The CITY shall make available to all represented employees the option to purchase supplemental term life and accidental death and dismemberment insurance, at no cost to the CITY, subject to the insurance carrier's additional premiums, conditions and/or requirements. Optional coverage shall be in increments of \$10,000. The option to increase or decrease coverage shall be exercisable during open enrollment periods.

2. FLEXIBLE SPENDING ACCOUNTS

IRC § 125 provides additional tax advantages, allowing for the establishment of individual employee savings accounts called Flexible Spending Accounts (FSA). This alternative allows EMPLOYEES to cover the following on a pretax basis at no cost to the CITY:

1. Uncovered Health Care Expenses up to \$3,000
2. Dependent Care Expenses up to \$5,000

3. VISION CARE

City shall continue to make vision care available to the ASSOCIATION, at no cost to the CITY. Amounts will be made available to the employee to pay premiums for enrollment of the employee and his/her dependents in CITY sponsored health and dental insurance programs of the employee's choice. Enrollment of the employee and his/her dependents in CITY sponsored

health programs is mandatory unless proof of acceptable current alternate coverage is presented. Any amount in excess of the premiums required for the health and dental insurance coverage selected by the employee will be added to the employee's gross pay prior to income tax withholding and paid with bi-weekly paychecks.

MEDICAL BENEFIT PREMIUMS FOR RETIREES

A. PERS Vesting Schedule Applied. Subject to final approval by all CITY employees classified as “miscellaneous” for retirement purposes, effective March 1, 2011, CITY and EMPLOYEES agree to implement CalPERS Retiree Medical Vesting for all current and new employees, and the CITY will set contribution amounts based on the Kaiser - Bay Area 2011 rates.

To be eligible for any post-retirement health benefits, an employee must complete at least five (5) years of PERS-credited service with the City of Davis. Employees who retire from the City of Davis after meeting the service requirement stated above, and who have at least a total of ten (10) years of PERS-credited service, will receive a CITY contribution towards their post-retirement health benefits in accordance with the then-current PERS vesting schedule. For the parties' convenience, the PERS vesting schedule is currently established as follows:

Total Credited Years Years of Service	Percent of City Contribution
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20	100%

Employees who have PERS-credited service through other agencies must complete at least five (5) years of service with the City of Davis and retire from the City of Davis to be eligible for post-retirement health benefits. However, once an employee has completed five (5) years of service with the City of Davis, their eligibility for post retirement health benefits will include all years of PERS-credited service. Those employees who complete five (5) years of service with the City of Davis, but who have less than 10 total years of PERS-credited service, will receive the PERS minimum contribution set forth in Government Code section 22893 as it may, from time to time, be amended.

B. Application to Those Who Retire Before January 1, 2015. City will work to minimize the effects of the vesting program described above in Section A on current employees (i.e. those hired on or before the implementation date of this MOU) by allowing employees who retire prior to January 1, 2015 to retire subject to the following:

1. For EMPLOYEES hired by the CITY before July 1, 1996, if such employee retires from CITY service and is otherwise eligible for some CITY payment of health care premiums upon retirement per Section A above, the City will supplement the employee's Section A health benefit up to the amount equal to 100% of the premium for the group health insurance plan available from Kaiser-Bay Area rates effective January 1, 2011 for an employee and two or more dependents sponsored by the CITY through Public Employees Retirement System.

2. For all EMPLOYEES hired by the CITY on and after July 1, 1996, if such employee retires from CITY service and is otherwise eligible for some CITY payment of health care premiums upon retirement per Section A above:

(a) for the time period between the EMPLOYEE's retirement and age 60, CITY shall pay the greater of either: (i) the employee's benefit per Section A above or (ii) 50% of the actual premium for the group health insurance plan selected by the retiree not to exceed the PERS rate for Kaiser-Bay Area rates effective January 1, 2011 sufficient to provide coverage for an eligible employee with two or more dependents. The employee shall pay the balance.

(b) for the time period after the employee turns age 60, the CITY shall pay the full cost of the actual group health insurance plan selected by the retiree not to exceed the PERS rate for Kaiser-Bay Area rates effective January 1, 2011 sufficient to provide coverage for an eligible employee with two or more dependents.

C. No Cash In Lieu. Retirees are not eligible for any cash in lieu of health benefits.

DENTAL BENEFITS FOR RETIREES

CITY shall make the dental plan available for retirees to continue at their own expense, at the same total monthly premium for the group dental insurance plan sponsored by the CITY for an eligible employee and two or more dependents.

DEFERRED COMPENSATION

CITY agrees to continue to contract with ICMA Retirement Corporation and PERS 457 for deferred compensation plans entitling any employee to defer receipt of a portion of their salary until the individual employee's retirement, permanent disability, death, or other time jointly agreed upon between the individual employee and CITY. CITY and ASSOCIATION agree that CITY shall make no contribution to these plans on behalf of enrolled employees.

CITY agrees that it shall provide for and administer any payroll deduction necessitated by any employee's enrollment in these plans and shall be solely responsible for the procurement and administration of the contract necessitated by this section.

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Effective January 1, 2010 through June 30, 2010 the CITY shall continue to pay, deposit in, and credit to each employees' PERS account up to (8%) of the employee's eligible gross salary towards the cost of the employee's PERS contribution, but not to exceed the employee's normal contribution rate.

1. Effective July 1, 2010 through June 30, 2011 the CITY shall pay, deposit in, and credit to each employees' PERS account up to (7%) of the employee's eligible gross salary towards the cost of the employee's PERS contribution. EMPLOYEES shall contribute (1%).
2. Effective July 1, 2011 through June 30, 2012 the CITY shall pay, deposit in, and credit to each employees' PERS account up to (6%) of the employee's eligible gross salary towards the cost of the employee's PERS contribution. EMPLOYEES shall contribute (2%).

The intent of the City Council is to have employees share in the risk associated with the long term costs of adding the enhanced retirement benefit.

EMPLOYEES agree to cover any additional cost of the FY2008/09 PERS employer contribution rate, up to an additional 3%, through the life of this contract. (Employees pick-up .453% for FY2009/10).

c. The CITY agrees to continue to implement Government Code Section 20636(c) (4), Employer Paid Member Contribution. The CITY agrees to report the 8% (7% effective July 1, 2010 and 6% effective July 1, 2011 as described above) employer paid employee PERS contribution as additional compensation to PERS.

Highest Three-Year Average

Subject to final approval by all CITY employees classified as "miscellaneous" for retirement purposes, effective March 1, 2011, CITY and EMPLOYEES agree to amend the miscellaneous

employees' CalPERS Contract to reflect Highest Three-Year Average PERSable compensation as the basis for calculating retirement benefits (instead of the single highest one year).

SICK LEAVE

Provisions for Sick Leave are contained in Article VI of the Personnel Rules and Regulations adopted September 13, 2000.

The immediate family shall consist of a spouse or a child under eighteen (18) years of age, or any of the following who resides with the employee or who is dependent on the employee for care and transportation: a child over eighteen (18) years of age, a parent, grandparent, a sibling, or domestic partner. This definition is consistent with the Personnel Rules and Regulations.

No payment shall be made for unused sick leave at the termination of employment whether voluntary or involuntary except that upon retirement under PERS, unused sick leave shall be treated as additional time in service for the purposes of computing retirement benefits. Unused sick leave may be accumulated.

attached.

MILEAGE REIMBURSEMENT

All mileage reimbursements will be reimbursed in accordance with IRS rates as adopted by CITY policy.

PARENTAL LEAVE

The existing Parental Leave Policy shall remain in effect except as may be modified herein. This policy is currently under review by CITY. Proposed modifications to the policy shall be discussed with all bargaining groups and changes agreed to may be made during the term of this memorandum.

FAMILY MEDICAL LEAVE POLCY

At ASSOCIATION's request, the parties have met and conferred regarding a potential paid family leave program to address family, but non-parental, care equity issues. No agreement has been reached, and the parties expressly state that approval of any such policy would require additional negotiations to reach any agreement, which would then require the formal approval of ASSOCIATION and the City.

ARTICLE IX

VACATION

The purpose of annual vacation leave is to enable each eligible employee annually to return to his or her work mentally refreshed. As noted in the Personnel Rules, all regular full-time employees and all regular part-time employees who work more than 1040 hours per year are eligible to earn vacation leave.

Regular part-time employees who work less than full time, but more than 1040 hours a year, may earn vacation on a prorated basis. For example, those employees who work three-quarters time (approximately 1560 hours) may earn three-quarters of the vacation leave applicable to their years of service.

For purposes of computing annual vacation leave, a working day shall be considered as one-fifth of the number of working duty hours in the established work week. Employees shall be credited with vacation leave according to the following schedule:

<u>Years of Employment</u>	<u>Vacation Days Earned During Year</u>
1	15
2	15
3	15
4	17
5	17
6	20
7	20
8	20
9	20
10	20
11	23
12	24
13	25
14	26
15	27
16 Maximum vacation rate	28

The times during a calendar year at which an employee may take his or her vacation shall be determined by the department head with due regard for the wishes of the employee and particular regard for the needs of the service.

If the requirements of the service are such that an employee cannot take part or all of his or her annual vacation in a particular calendar year, such vacation either shall be taken during the following calendar year or paid for at the discretion of the City Manager.

Any eligible employee, with the consent of his or her department head, may defer as many working days of his or her annual vacation as he or she accumulates during a given year to the succeeding calendar year, subject to other provisions of this rule. A written report of each deferred vacation signed by the proper department head, noting the details, shall be kept on file with the Human Resources Division.

In the event one or more municipal holidays fall within an annual vacation leave, such holidays shall not be charged as vacation leave, and the vacation leave shall be extended accordingly. Employees who terminate employment shall be paid in a lump sum for all accrued vacation leave earned prior to the effective date of termination.

The CITY agrees to implement a vacation buy-back policy for ASSOCIATION employees who have at least ten (10) years of service with the CITY and a minimum of one (1) year's vacation accrual on the "books" (prior to the cash-out) . Over the course of a calendar year, such employees will be able to cash-out up to eighty (80) hours of vacation: Such employees may carry over from one calendar year to the next up to one year of vacation accrual plus an additional forty (40) hours, but the employee must then cash out the additional forty (40) hours.

During any calendar year that includes mandatory furloughs, EMPLOYEES with five years of City of Davis service may cash out an additional forty (40) hours of vacation leave over the course of the calendar year.

YEAR END VOLUNTARY TIME OFF

Between Christmas and New Years, all employees are encouraged to take vacation or comp-time off. It is understood that there are employees involved in essential operations who may not be able to take time off at this time. The City Manager will determine before the Holiday Season which, if any, city facilities will be closed the week between Christmas and New Years and what days those facilities will be closed. For the days that city facilities are closed, if and when employee utilizes leave without pay, the CITY agrees (for this purpose only) to waive the provision of the Personnel Rules that provides that to receive pay for an observed holiday, an employee must work or be on approved leave on the work day before and work day after the holiday. CITY also agrees (for this purpose only) not to adjust or reduce health, dental, life insurance benefits, leave time accruals or seniority for the period an employee on leave without pay due to the City's year-end closure. Only the employee's pay will be adjusted.

ARTICLE X
HOLIDAYS

HOLIDAYS AND HOLIDAY PAY

The holidays to be observed by the City are as follows:

January 1; the third Monday in January; the third Monday in February; the last Monday in May; July 4; the first Monday in September; November 11; Thanksgiving Day; the day after Thanksgiving Day; December 24; December 25; December 31; and every day proclaimed by the mayor of the City of Davis as a public holiday (however, in no case, shall the City of Davis observe the same holiday on more than one day).

Whenever a holiday falls on a Sunday, the following Monday shall be observed as a holiday in which case the Sunday shall not be considered a holiday for any purpose.

Whenever a holiday falls on a Saturday, the preceding Friday shall be considered as a holiday in which case the Saturday shall not be considered a holiday for any purpose.

Whenever the application of sections 10.2 and 10.3 above result in a holiday falling on another holiday, employees will be credited with eight (8) hours vacation time on the first pay period following the holiday.

Employees whose regular work day normally consists of more than eight (8) hours shall not be entitled to use more than eight (8) hours of holiday per day.

All miscellaneous employees shall receive holiday pay in the form of salary at straight time for each recognized holiday.

FLOATING HOLIDAYS

CITY shall continue to grant two and one-half days floating holidays in lieu of California Admission Day, Lincoln's Birthday holiday and from 1:00 p.m. to 5:00 p.m. Good Friday. Floating holidays shall be treated as vacation time and CITY policy regarding vacation leave shall apply.

Holiday Hours Worked

Employees who work on a holiday recognized by the CITY shall be compensated for the time actually worked on the recognized holiday, either:

- A. In the form of salary at a rate of double time, or
- B. Straight time off within the same work week subject to advance approval by the department head based upon the work situation at the time.

The compensation for holiday hours worked shall be in addition to the holiday pay specified above.

IN LIEU OF HOLIDAY LEAVE -- WORKERS ON AN IRREGULAR WORK WEEK

a. Employees who normally work an irregular work week (i.e., other than Monday through Friday) shall be entitled to the same amount of time off for holidays as those who work a regular work week. Any employee who works an irregular work week shall be credited with straight time off as in lieu of Holiday Time.

At the end of the calendar year, each department shall submit to the City Manager a report which reflects the following data:

1. Names of employees who worked an irregular work week during the preceding calendar year;
2. The holidays that were actually lost as a result of the irregular work schedule, as verified by actual time card audit; and
3. The total number of 'lost' hours.

After inspection and validation, the City Manager shall authorize those employees to be credited with the additional vacation hours for these lost holidays. The actual adjustment will be a one-time, lump-sum adjustment.

b. As an alternative to the procedure set forth above, and subject to the limitation regarding the number of holiday hours allowed per day, the affected employee may request a different day off (or a combination of 1 day's hours off on one or more days) during the same work week as the holiday occurs. The Department Head may, at his or her discretion, approve such request.

ARTICLE XI

EMPLOYEE EDUCATION

TUITION AND REQUIRED BOOK REFUND POLICY

Policy Objective

To encourage the training of employees in subjects which would be of substantial benefit to the CITY as well as themselves.

Procedures.

All requests for approval of tuition and required books refund shall be submitted to the Human Resources Division in writing. Such requests shall describe the nature of the training to be entered into, the cost of such training, and comments with respect to its applicability to the particular employee's job.

- A. Upon compliance with the requirements of the City's existing Tuition Reimbursement Policy, The full cost of tuition and required books shall be paid for those courses, approved by the Human Resources Administrator, as being of substantial benefit to the CITY. One-half the cost of tuition and required books may be paid for other training, depending upon degree of benefit to CITY versus employee.
- B. For approved training extending over a period of time exceeding two weeks, the CITY shall refund to the employee all or one-half of the cost of tuition and required books, upon presentation of evidence that such training has been completed satisfactorily. In the event that the employee is financially unable to advance the cost of tuition and required books, the CITY shall, upon written request and agreement by the employee, advance the cost of tuition and required books, subject to reimbursement by the employee, should he or she fail to satisfactorily complete such training, and authorize the CITY to deduct such cost from the payroll in such event.
- C. Tuition and required book costs for approved short courses or institutes less than two weeks shall be paid initially by the CITY.

General.

- A. All City employees who complete training under the tuition and books refund program shall submit evidence of this to their department head who shall forward it to the Human Resources Division. This evidence shall be placed in the employee's personnel file for permanent record.
- B. The cost of this program shall be borne by the employee's department.

ARTICLE XII

MISCELLANEOUS

The CITY and ASSOCIATION recognize and agree to be bound by the notice requirements of Government Code Section 3504.5 and Article XII of Resolution Number 1303, Series 1973, (Employer-Employee Relations Resolution) regarding notification concerning proposed actions directly relating to matters within the scope of representation.

The CITY agrees to duplicate the full and complete text of this Memorandum of Understanding and all exhibits thereto and to make copies available to all employees covered by this Memorandum upon request, at no cost to the ASSOCIATION or to any employee, within thirty (30) days after ratification of this agreement.

ALTERNATIVES TO EMPLOYEE LAYOFFS

The CITY agrees to notify ASSOCIATION prior to implementing an employee layoff which would impact ASSOCIATION represented employees. ASSOCIATION may then request meetings to explore implementation of layoffs and to present alternative cost savings measures which would eliminate or minimize the need to layoff employees. Such alternatives shall include, but not be limited to, voluntary reduced work time, retraining, job sharing, early retirement, unpaid leaves of absences, furloughs, attrition, and revenue increases. Nothing in this section shall prohibit the CITY from laying off employees pursuant to the CITY's layoff procedure.

NOTIFICATION OF NEW JOB CLASSIFICATIONS

The CITY agrees to notify ASSOCIATION of the creation of any new job classifications and its unit designation. The CITY shall assign new or revised classes to bargaining units pursuant to criteria set forth in the City's Employee Relations Policy.

NOTIFICATION OF EMPLOYEE NAMES AND ADDRESSES

The CITY agrees to provide ASSOCIATION with a list of names and addresses of all current employees in bargaining units represented by ASSOCIATION. The CITY agrees to identify "new hires" and any employees promoted out of job classifications represented by ASSOCIATION. Such list shall be provided to ASSOCIATION on a quarterly basis.

SUPERSEDEDENCE; NEED TO FURTHER MEET AND CONFER

The parties agree that the terms and conditions of this memorandum of understanding are intended to supersede any contrary provisions in prior memorandums and in the policies and regulations of the CITY, insofar as the same are known to the parties at the time of execution of this memorandum. It is recognized that there may be circumstances which arise beyond the control of the parties, such as requirements of federal or state law, city voter initiatives, or similar matters which could render certain provisions of this memorandum inoperable or which could require the parties to meet and confer in good faith to harmonize any conflicts.

It is further recognized by the parties that, from time to time, matters may arise which require the parties to meet and confer on issues not contemplated at the time of the execution of this memorandum and nothing herein shall preclude the parties from meeting and conferring and making changes to this memorandum as may be appropriate.

Except as otherwise noted herein, if the provisions of this Agreement are inconsistent with the Personnel Rules, the terms of this Agreement shall apply.

ARTICLE XIII
SAVINGS CLAUSE

If any of the provisions of this agreement are held to be contrary to law by a court or governmental administrative agency of competent jurisdiction, such provisions will not be deemed valid and subsisting, except to the extent permitted by law, and the parties shall, if possible, enter into collective bargaining negotiations for the sole purpose of arriving at a mutually satisfactory replacement for such provisions. The remainder of this agreement shall not be affected thereby and shall continue in full force and effect.

ARTICLE XIV

DURATION AND IMPLEMENTATION

This Memorandum of Understanding shall remain in full force and in effect from February 2, 2010 up to and including June 30, 2012. The CITY reserves the right to open up the AGREEMENT to and to meet and confer regarding the AGREEMENT if the State of California takes away more than one million dollars in revenue from the CITY. This loss of revenue will be verified by an independent auditors report.

Any time after January 1, 2012, either party may initiate negotiations via written correspondence to the other party on a successor memorandum of understanding. The parties agree to begin negotiations within 30 days after receipt of the written notice.

DATED:

EMPLOYEE RELATIONS OFFICER
OF THE CITY OF DAVIS

By: *William Emlen*
WILLIAM EMLLEN

PROGRAM, ADMINISTRATIVE AND SUPPORT
EMPLOYEES ASSOCIATION

By: *Carrie Dyer* 2/4/10
By: *Sindy Jones* 2/4/10

CITY OF DAVIS

DEPENDENT CARE ASSISTANCE PROGRAM (DepCare)

What is DepCare?

DepCare is a program that allows you to pay for your dependent care expenses on a pre-tax, salary reduction basis. You can use this tax advantage plan to pay for dependent care that enables you, or you and your spouse, to be gainfully employed.

Who is Eligible?

All full-time, special funded full-time, and regular part-time employees may participate.

How Much Can I Contribute to My DepCare Account?

Under DepCare, your salary is reduced bi-weekly (each pay period) by the dollar amount you specify, before taxes are deducted. You may contribute up to the total earned income for you or your spouse, whichever is less, to a *maximum of \$5,000* per calendar year. If you are married and filing a separate income tax return, you may contribute a *maximum of \$2,500* per plan year. If your spouse is incapable of self-care, or is a full-time student, his or her earned income is considered to be:

- \$200 per month if you claim one dependent, or
- \$400 per month if you claim two or more dependents

To be considered a full-time student, your spouse must attend school for at least 5 months of the year and may not be exclusively a night-time student.

Which DepCare Expenses Can Be Reimbursed?

For your expenses to be reimbursed under the DepCare program, they must meet the conditions of Internal Revenue Code Sections 21 and 129.

- The dependent care must be necessary to enable you, or you and your spouse to be gainfully employed.
- If you are married but living apart from your spouse, you may use DepCare when you file a separate return if (1) an eligible dependent lives in your home for more than half the year, (2) you pay more than half the cost of maintaining the household, and (3) your spouse did not live with you and the eligible dependent during the last 6 months of the tax year.
- If you use a daycare center, the center must care for more than 6 children who do not live there, and must comply with all state and local laws. Expenses for household services may also be eligible if provided for the care of the dependent.

- Expenses for care provided by your spouse, by someone you claim as a dependent for tax purposes, or by your child under age 19, are not eligible.

Which Dependents are Eligible?

Claims for the following dependent(s) qualify under the DepCare Program:

- A child under age 13 who is in your custody and whom you claim as a dependent on your tax return.
- A disabled spouse
- A dependent who lives with you (such as a parent, sibling or in-law) who is incapable of self-care, and whom you claim as a dependent on your tax return.

It is your responsibility to make sure that expenses submitted for DepCare reimbursement are eligible under the program. You will be held responsible for taxes and penalties associated with ineligible expenses if you are audited by the IRS. DepCare expenses which are reimbursed from your DepCare account cannot also be claimed as a tax credit on your income tax return.

When May I Enroll or Cancel?

You may enroll in DepCare at the following times:

When you are hired

When you are hired, you may enroll during your period of initial eligibility which begins on your first day of employment and ends on the last day of the following calendar month. Your salary reduction agreement is effective upon the receipt in the Finance Department, subject to payroll deadlines. *(This means that we must receive the agreement on the Friday before payroll week for it to be effective on that payroll. No retroactive adjustments will be allowed.)*

During open enrollment

If you are currently eligible, you may enroll, change or cancel during the open enrollment period (this will coincide with the open enrollment for health and dental benefits during the fall, with changes taking effect after January of the next year).

When your status changes

You may enroll, change or cancel DepCare during the plan year because of, and consistent with, eligibility changes in:

- Family status (such as an additional of an eligible dependent), or
- Employment status (such as your spouse becoming employed)

These eligibility changes in status create a period of initial eligibility, which extends from the first day your status changes, through the last day of the following calendar month. However, if you were not eligible to participate at the time your status changes (for example, if you were on leave without pay), then the period of initial eligibility does not begin until you are again eligible

to participate in the program. The enrollment is effective upon receipt in the Finance Department, subject to payroll deadlines. *(This means that we must receive the agreement on the Friday before payroll week for it to be effective on that payroll. No retroactive adjustments will be allowed.)*

How Do I file Claims?

Send the DepCare Reimbursement Request Form to the Finance Department. You may submit claims at any time until February 15 of the following plan year for eligible expenses.

You may file only for expenses that you have actually incurred. You will be required to certify that your expenses are eligible under the program.

Claims will be paid according to the Accounts Payable schedule. It is advisable only to claim amounts that can be covered by your account balance. If there is an insufficient balance in your account, a partial payment will be made up to the balance in your account.

You will receive a balance statement with each reimbursement check. Also, at the end of the year, you will receive a statement showing the total amount of your DepCare Deposits and reimbursements.

What Happens to funds Left in My Account?

The IRS requires forfeiture of any funds left in your DepCare account after all eligible claims have been paid for the plan year. You have until February 15 of the following year to claim payment expenses incurred late in the plan year. After February 15, however, you lose all remaining funds in your DepCare account. Forfeited funds will be used by the city to pay for the cost of administering the DepCare program.

The DepCare Tax Advantage

Before you decide whether or not to establish a DepCare account, ask yourself these questions:

- Would the DepCare reimbursement account be more favorable than the dependent care income tax credit – or do you want to use a combination of both?
- What are your yearly dependent care costs?
- Will the full amount of your dependent care costs exceed the maximum allowable contribution for DepCare?

You need to decide if DepCare is your best option. We cannot advise you. If your tax situation is complex, or if you have further questions which we cannot answer, consult a tax advisor regarding enrollment in the DepCare program.