RESOLUTION NO. 20-104, SERIES 2020

RESOLUTION APPROVING SIDE LETTER AMENDING THE MEMORANDUM OF UNDERSTANDING WITH INDIVIDUAL GENERAL MANAGEMENT EMPLOYEES

WHEREAS, the City of Davis and the Individual General Management Employees have met and conferred in good faith in accordance with the provisions of the Meyers-Milias-Brand Act of the California Government Code; and

WHEREAS, the parties have reached agreement on the attached side letter (Exhibit A) to the Memorandum of Understanding that was adopted for the term July 1, 2017 to June 30, 2021; and

WHEREAS, the parties agree to cost savings by way of employee furloughs and to extend the Memorandum of Understanding as per the terms of the side letter.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Davis that the terms and conditions contained in said Side Letter are hereby adopted and directs the City Manager to take all steps that are proper and necessary to implement this agreement.

PASSED AND ADOPTED by the City Council of the City of Davis on this 30th day of June, 2020 by the following vote:

AYES: Arnold, Carson, Frerichs, Partida, Lee

NOES: None

Brett Lee
Mayor

ATTEST:

Ann Marie McElhiney
City Clerk
THE CITY OF DAVIS (CITY)
AND
INDIVIDUAL GENERAL MANAGEMENT EMPLOYEES

SIDE LETTER AGREEMENT
TO
JULY 1, 2017 – JUNE 30, 2021
MEMORANDUM OF UNDERSTANDING

WHEREAS, the CITY is facing a dramatic reduction in revenues due to the COVID19 crisis, and;
WHEREAS, the parties have met and agreed to amend the terms and conditions of employment to capture savings and avoid potential layoffs;
NOW THEREFORE, the parties agree as follows:

• Furlough Leave Reduction:
  o Effective the pay period following July 1, 2020 and continuing for 26 pay periods, employees will participate in a furlough program equal to seven (7) furlough days (56-hour reduction in paid time) between 7/1/2020 and 6/30/2021 – over 26 pay periods.
  o Equates to a reduction in pay of 2.69%.
  o Special compensation paid as a percentage of pay will be calculated based on the reduced earnings.
  o Base hourly rate (salary table hourly rate) does not change as a result of the furlough for purposes of compensation reporting to CalPERS.
  o Special compensation is reported to CalPERS as earned and is, therefore impacted by furloughs.

• Furlough leave bank:
  o Furlough leave will accrue each pay period at a rate consistent with pay reduction of 2.69% over 26 pay periods to equal 56 hours between 7/1/2020 and 6/30/2021.
  o For Employees Who are FLSA Exempt:
    o One furlough day will be used per month on a City office closure day to be scheduled by the City Manager over seven months.
Where an employee regularly works a 9/80 schedule and the furlough day falls on a 9-hour work day: employee will use one hour of vacation or employee may schedule with the employee's supervisor to work the additional hour elsewhere during the same 7-day FLSA work period.

Where an employee regularly works a 9/80 schedule and the furlough day falls on the employee's regularly scheduled day off, employee will coordinate with the employee’s supervisor to schedule another day within the same month to take their furlough day.

Where operational needs require an employee to work on the City Manager designated furlough day, employee will be paid their regular pay and will coordinate with the employee’s supervisor to schedule another day within the same month to take their furlough day.

Furlough bank hours have no cash value and will not be paid out upon separation from employment.

In the event an employee leaves employment with a negative leave bank (having used more leave time than has accrued), the value of the negative leave amount will be adjusted out of the employee’s final paycheck.

During the week in which the furlough day is used, for purposes of the Fair Labor Standards Act, the employee normally exempt from overtime, will be non-exempt for that 7-day period only. During that week, employee is prohibited from working more than 40 hours without express authorization of the employee’s department head. All hours worked will be recorded. Leave time is not considered worked time for purposes of overtime. For all 7-day periods in which a furlough day is not used, the exempt employee remains exempt under the Fair Labor Standards Act.

Use of furlough days does not trigger overtime.

• Section 15. **TERM** is revised as follows:

The term of this Memorandum of Understanding shall be July 1, 2017, and shall remain in effect to, and including, June 30, 2024. June 30, 2023.

• Section 2.A. Compensation – the following is added:

Effective the first pay period following July 1, 2021, employees covered by this Agreement will receive a two percent (2%) cost of living salary increase.
Effective the first pay period following July 1, 2022, employees covered by this Agreement will receive a two percent (2%) cost of living salary increase.

- Section 2.C. Pension Cost Share – the following is added:

**C. PENSION COST SHARE**

**C.1. Pension Cost Share Fiscal Years 2021/2022 and 2022/2023 -**

Beginning on July 1, 2021 and July 1, 2022, employees shall make additional pension “cost sharing” contributions of zero to one percent (0% - 1%) per year or shall receive additional increases to base salary of zero to one percent (0% - 1%) per year, as described below. These cost sharing contributions or wage increases to base pay, if applicable, shall continue beyond the expiration of the MOU and shall constitute the status quo for all purposes until the parties mutually agree to alternative pension contribution arrangements.

1. **For July 1, 2021:**

CalPERS projected total employer contribution rate as a percentage of payroll (CalPERS actuarial valuation for miscellaneous plans - June 30, 2018) for fiscal year 2021-2022 is 45.4%. To the extent the actual total employer contribution rate is higher than 45.4%, the employee will contribute a correspondingly increased contribution up to an additional one percent (1%) effective the pay period following July 1, 2021. (For example, if the total contribution rate is actually 45.9%, an employee's contribution would increase by 0.5%)

To the extent the actual total employer contribution rate is lower than 45.9%, the employee will receive an additional increase in base pay of up to one percent (1%) effective the pay period following July 1, 2021. (For example, if the total contribution rate is actually 44.9%, employees would receive an increase in base pay of 0.5%.)

2. **For July 1, 2022:**

CalPERS projected total employer contribution rate as a percentage of payroll (CalPERS actuarial valuation for miscellaneous plans – June 30, 2018) for fiscal year 2022-2023 is 47.4%. To the extent the actual total employer contribution rate is higher than 47.4%, the employee will contribute a correspondingly increased contribution up to an additional one percent (1%) effective the pay period following July 1, 2022. To the extent the actual total employer contribution rate is lower than 47.4%, the employee will receive an additional increase in base pay of up to one percent (1%) effective the pay period following July 1, 2022. The examples provided in subsection (a) above also apply to the 2021 deviations from the projected rate.

The above cost sharing shall be capped as follows:
CLASSIC Miscellaneous Members – Total sum of the employee contribution rate (currently 8% + 0.4% Cost Share effective the pay period following 7/1/2020) plus any additional contribution(s) under this provision shall not exceed 10.4% by the end of the revised contract term.

PEPRA Miscellaneous Members – Total sum of the employee contribution rate ("50% of the normal cost" as set by CalPERS - currently 7% as of 7/1/2020 + 0.4% Cost Share effective the pay period following 7/1/2020) plus any additional contribution(s) under this provision shall not exceed 9.4% or 50% of the normal cost as established by CalPERS, whichever is higher.

Any cost sharing resulting from this agreement shall be pursuant to Government Code Section 20516(f) and shall extend beyond the expiration of this MOU, until the CalPERS Contract Amendment described in D.2 is approved. Any cost sharing resulting from this agreement will deducted on a pre-tax basis, unless otherwise directed by the IRS.

D.2. CalPERS Contract Amendment

The parties acknowledge that CalPERS mandates an election of unit members, separate from ratification of this Agreement, to provide for this cost sharing pursuant to Government Code Section 20516. As soon as practicable after July 1, 2021, the City will initiate the contract amendment process. Upon approval and agreement from the bargaining unit and completion of the City’s amendment to the CalPERS contract, employee contributions will be made pursuant to Government Code Section 20516, Employee Cost Sharing of Additional Benefits.

CITY

[Signature]
Mike Webb, City Manager

[Date]

Individual General Management Employees

See Next Page

[Date]

Side Letter Amending Individual General Management MOU dated 7/1/17 to 6/30/21
Extending to 6/30/23
Individual General Management Employees
Side Letter Agreement

Resolution 20-104  Approved June 30, 2020

Employee signatures on file in Human Resources