

ADMINISTRATIVE AND CONFIDENTIAL

SIDE LETTER

10/1/2007 to 9/30/2010 MEMORANDUM OF UNDERSTANDING BETWEEN CITY OF SOUTH LAKE TAHOE AND THE SOUTH LAKE TAHOE ADMINISTRATIVE AND CONFIDENTIAL EMPLOYEE ASSOCIATION

This Memorandum of Understanding was previously extended to September 30, 2011 by way of a letter of agreement. After having met and conferred in good faith, this additional letter of agreement is entered into by the City of South Lake Tahoe (hereafter referred to as City) and the City of South Lake Tahoe Administrative and Confidential Association (hereafter referred to as Association) after having met and conferred in good faith. This letter replaces the previous letter of agreement (side letter).

The City and the Association agree to the following terms and conditions:

1. Extend contract term to 9/30/2012
2. Effective October 1, 2010 – implementation of the equivalent of three days per month (24 hours per month) furlough days to be continued through the term of the contract.
 - a. Employees will retain their gross wages for purposes of PERS based on the City approved salary schedule but will have a deduction taken from each pay check to fund furlough days. In fiscal year 2010-2011 the deduction is 13.33% (27 pay periods). In fiscal year 2011-2012 the deduction is 13.85% (26 pay periods). Implementation of furloughs to be as uniform as possible taking into account department operations.
 - b. Furlough days will be regularly scheduled as the 1st and 3rd Friday of each month.
 - c. The third day per month (twelve days or 96 hours) for fiscal year 2010-2011 of furlough will be handled as follows:
 - 96 hours will be deposited into the employee's furlough leave bank in October 2010 and available for immediate use.
 - Seven of the twelve days will be taken on scheduled days of December 20, 21, 22, 23, 2010 and December 28, 29, 30, 2010.
 - Five days will be available as floating furlough days. Scheduling use of floater furlough days will be in accordance with usual department procedures regarding scheduling time off in that notice of request to use the time off must be made in advance and approved by the department head or designee.
 - In any week in which a furlough day is scheduled, the employee is considered non-exempt from overtime and must not work more than 40 hours in that work week (as described in subsection "k" and "l" below).
 - Employees working in operations unable to observe the holiday "shutdown" in December as referenced above will be required to schedule use of these furlough days through the end of the fiscal year. Employees shall make every effort and may be required to use at least six days of furloughs between October 1, 2010 and March 30, 2011, with the additional six days to be used between April 1, 2011 and September 30, 2011. This is to avoid large balances of furlough time being taken during the end part of the fiscal year.
 - d. For fiscal year 2011-2012, the schedule for the December "shut down" will be determined based on the holiday schedule for that fiscal year. All other provisions noted above in subsection "c" will apply to fiscal year 2011-2012.
 - e. Employees who work part of the year in one department and part of the year in another department must use the appropriate equivalency of furlough time per month (3 days per month) while assigned to each department. For example:

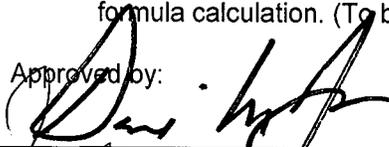
employee assigned to Streets for five months, shall use five months of furlough time during the period of time assigned to Streets (5months * 3 days = 15 days of furlough). This is to avoid accumulating furlough days through the Winter and using them through the Summer, thus negatively impacting the operations of the Summer assignment.

- g. Employees who currently work a 4/10 work schedule will achieve the furlough reduction by either working 4/9 shifts or by using 10 hours of furlough on scheduled furlough days. Method of scheduling to be determined by the department and based on operational needs.
- h. Employees working in operations where staffing is required 7 days a week (Parks and Recreation, Airport) will observe their "Friday furlough day" on their regularly scheduled 5th work day unless another day of the week is requested by the employee and approved by the department head on a month to month basis. Determination as to the weeks of the month in which the furlough day will be observed will be worked out in coordination with the employees and the department management. The additional 12 days of furlough will be handled as described in subsection "c".
- i. For snow removal operations: Employees will take the equivalent of three days per month in furlough time throughout the fiscal year as follows:
 - a. October 1, 2010 through April 30, 2011
 - i. Effective October 1, 2010 a furlough bank will be established. The bank will include twenty-one (21) days (three days per month October 2010 through April 2011).
 - ii. Employees shall make every effort to use – by April 30th - the furlough time received during this timeframe so as to avoid carrying over furlough time into the "summer season".
 - iii. Furlough bank should be used prior to using other accrued leave so as to ensure it is used up.
 - iv. Depending upon weather and operational needs, department may require employee to take furlough days.
 - v. Every reasonable effort shall be made to use furlough days each month and not accumulate more than five days of furlough time.
 - vi. Furlough time off shall be requested and approved through the department.
 - b. May 1, 2011 through September 30, 2011
 - i. Effective May 1, 2011 five additional days will be added to the furlough bank. In addition, employees will begin accruing the equivalent of two days per month.
 - ii. Use of accrued furlough leave shall be through observance of two days per month scheduled furlough time. Half of the staff will observe furlough days on the 1st and 3rd Friday of the month; the other half will observe furlough days on the 2nd and 4th Friday of the month.
 - iii. Banked furlough time (five days) will be requested and approved through the department. The Department may schedule and require use to ensure bank is exhausted prior to end of the fiscal year.
 - c. Fiscal year 2011-2012 – same process and amounts of furlough time will apply as noted above for fiscal year 2010-2011.
- j. Exempt employee will be required to submit a record of hours worked as part of their exception record for work weeks in which furlough hours are used.
- k. In accordance with the FLSA, in a work week (7 day period starting with Saturday) where an exempt employee works a reduced work schedule for economic reasons the employee is considered non-exempt and eligible for overtime pay. To obtain the savings anticipated by this City Council action to implement furloughs, employees are *not* authorized to work more than their

quarter ("quarter" equaling three month increments from the end of the furlough period). Minimum number of hours that can be sold to the City at one time for its cash equivalent is ten (10) hours. The maximum number of hours that can be sold to the City in a 12 month period for its cash equivalent is 100 hours.

- ii. Subsection 3.2B, Subsection 3.2D and Subsection 3.2E shall not apply as currently written until such time as an employee has reduced their vacation leave bank back to 240 hours.
6. During the furlough period, holidays will continue to be eight (8) hours and pro-rated for part time employees. If a furlough day falls on a regularly scheduled holiday, the holiday will be observed as scheduled and the furlough day will be observed on either the day before or after the holiday. A schedule will be published of holidays and scheduled furlough days.
7. Furlough days taken shall have no effect on regular bargaining unit provisions relative to seniority. The provisions of furloughs are not intended to adversely affect vacation or sick leave accruals.
8. Positions that are funded at 32 hours or less (funded as part time) are exempt from furlough participation but will follow the scheduled furlough work schedule.
9. If an employee separates from service with hours in a furlough bank, those hours are forfeited.
10. In the event an employee takes a leave of absence during a period of time in which furlough time is scheduled, the furlough day will continue to be observed in using accrued leave for the leave of absence and the regularly scheduled furlough hours will not need to be "made up". And banked furlough hours will need to be scheduled upon return to work or will be forfeited if not used within the timeframes noted within this document.
11. Furlough provisions apply until mutually agreed to change by the City and the Association. Unless agreement is reached to continue furlough provisions, furlough provisions as outlined in this document will terminate effective the end of the term of this agreement (September 30, 2012). At such time any unused hours remaining in an employee's furlough bank will be forfeited unless unable to be scheduled due to operational demands. If employee has made reasonable effort to use furlough leave time including possibly being required to use time by the department, yet continues to have a leave bank balance at the end of the fiscal year, furlough leave time may be carried over for no more than three months into the new fiscal year to allow additional time for scheduled use. If unable to use leave time by end of additional carry over period, hours will be forfeited. This applies to both fiscal year 2010-2011 and 2011-2012.
12. If, due to operational demands, an employee is required or authorized by his/her Department Director to work on a furlough day, the day will be paid as a regular work day (not overtime) and furlough time will be used on another day to be scheduled within the same work week if possible. Otherwise rescheduled in the same week as the next scheduled furlough day.
13. Section 4.4 – RETIREMENT BENEFITS revised to include the following:
Effective October 1, 2010 a second tier will be added to the Public Employees' Retirement System plan. Employees hired on or after the effective date of the contract amendment will receive 2% at 55, three years final compensation PERS formula calculation. (To be effective as close to October 1, 2010 as possible).

Approved by:

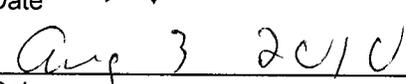


City of South Lake Tahoe

Administrative & Confidential Association

8/4/10

Date



Date

Mary Ann Brad
Administrative & Confidential Association

8/3/10
Date

Administrative & Confidential Association

Date