

**Side Letter to
Compensation Plan – Unit 8 Department Directors**

**Salary Reduction / Leave Program
December 28, 2009 – December 23, 2013**

The City of Petaluma continues to face financial shortfalls and impending layoffs. In response to this challenging and difficult financial and economic condition the City will implement a salary reduction and special leave program for Unit 8 employees to reduce the city's operating costs during FY 2009-2010 and FY 2010-2011.

The Unit 8 Compensation Plan effective July 1, 2008 to June 30, 2009 has expired. Employees continue to operate under the terms and conditions of the Unit 8 Compensation Plan until a new Compensation Plan is approved by the City Council. The terms of this Side Letter are separate from the approval of a Compensation Plan. This Side Letter shall be effective December 28, 2009 through December 23, 2013.

1. Effective December 28, 2009 through June 26, 2011 employees shall receive a 3.1% reduction in salary.
2. In exchange for that 3.1% reduction in salary, employees shall receive ninety-six (96) hours of special administrative leave. Effective December 28, 2009 and through June 26, 2011 employees shall receive ninety-six (96) hours of special administrative leave over the thirty-nine (39) payroll periods in accordance with the schedule below:

Six-Month Period	Maximum Special Administrative Leave Hours Available	Payroll periods
12/28/2009 to 06/27/2010	32	13
06/28/2010 to 12/26/2010	32	13
12/27/2010 to 06/26/2011	32	13
Total	96	39

3. Employees will receive thirty-two (32) hours of special administrative leave on December 28, 2009, June 28, 2010 and December 27, 2010. Employees are encouraged to use their special administrative leave in the period specified in the schedule above. At the end of every six-month period the special administrative leave will be zeroed and any unused special administrative leave on the books as of June 27, 2010, December 26, 2010 and June 26, 2011 will be eliminated.
4. If an employee separates employment having used more special administrative leave hours than its value in salary reduction, any hours owed shall be deducted from the employee's final paycheck.
5. An employee may use special administrative leave hours in lieu of vacation or sick leave hours.
6. Special administrative leave hours have no cash value.
7. Employees hired after the implementation date of December 28, 2009 and before June 26, 2011 will be required to participate in the salary reduction/ leave program. Special administrative leave hours will be prorated based upon date of hire.

8. An employee who was hired on or before December 27, 2009 and separates employment during the salary reduction period December 28, 2009 through June 26, 2011 shall have any final leave balances paid out at his/her salary rate in effect as of December 27, 2009 or the reduced salary rate at separation whichever is higher.
9. Effective December 28, 2009 through December 22, 2013 vacation accrual limits shall be temporarily increased by forty-eight (48) hours. Vacation hours accrued above the regular limit shall have no cash value. Effective December 23, 2013 the vacation accrual limits shall return to the regular vacation accrual limit. Any unused vacation hours on the books above the regular vacation accrual limit as of December 23, 2013 will be eliminated.
10. Effective June 27, 2011 employees shall receive forty-eight (48) hours of special paid leave. Employees hired during December 28, 2009 through June 26, 2011 shall receive a prorated amount based upon date of hire and participation in the salary reduction / leave program.
11. Special leave must be taken between June 27, 2011 and December 22, 2013. Special leave has no cash value. Any unused special leave hours as of December 23, 2013 will be eliminated.
12. The City of Petaluma agrees to review its revenue on or about June 30, 2010 and December 31, 2010. At that time the City will evaluate the need to decrease furlough hours, based on increased tax revenues that may be realized during the 18-month period. Revenues subject to consideration are any increases in property, sales, and Transient Occupancy taxes attributable to the General Fund from the Silk Mill, Regency Center, Deer Creek Project or Water Street North projects that are distributed to the City prior to the end of FY 2010-2011. New revenues subject to this provision would also include any voter-approved tax increases placed on the 2010 primary or general election ballots. The salary reduction and leave program would be implemented proportionate to ten (10) hours for every \$100,000 of new revenue that may be obtained from these sources during the term of the salary reduction and leave program.

City of Petaluma



John C. Brown, City Manager

1-12-10

Date