

**Side Letter of Agreement
Between the
City of Petaluma and the Petaluma Professional &
Mid-Managers Association – Unit 4**

**Furlough Leave Program
December 28, 2009 – December 23, 2013**

Representatives of the City of Petaluma and the Petaluma Professional & Mid-Managers Association (“Association”) Unit 4 have met and conferred and reached agreement on this Side Letter of Agreement.

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 and representatives of Unit 4 have agreed to implement a furlough leave program to reduce the City’s operating costs during FY 2009-2010 and FY 2010-2011.

Both parties acknowledge that the Unit 4 Memorandum of Understanding (MOU) is not yet in place. Both parties continue to operate under the terms and conditions of the Unit 4 Compensation Plan until agreement is reached on the terms and conditions of the new MOU. It is the intent of both parties to agree to the terms of this Side Letter separate from the negotiation process and the final adoption of an MOU. This Side Letter shall be effective December 28, 2009 through December 23, 2013.

Both parties agree to the following:

1. To reduce employee pay by 3.1% for an 18-month period from December 28, 2009 through June 26, 2011, accomplished through unpaid furlough hours.
2. Ninety-six (96) hours of unpaid furlough leave is closely equivalent to a 3.1% pay reduction. The furlough leave program will not exceed that 3.1% equivalent reduction unless mutually agreed upon by the parties.
3. Effective December 28, 2009 and through June 26, 2011 employees are required to take ninety-six (96) unpaid furlough leave hours over thirty-nine (39) payroll periods. The furlough leave shall be taken in accordance with the schedule below:

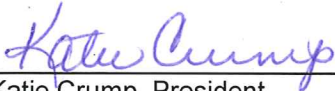
Six Month Period	Maximum Furlough Hours Available	Payroll periods
12/28/2009 to 06/27/2010	32	13
06/28/2010 to 12/26/2010	32	13
12/27/2010 to 06/26/2011	32	13
Total	96	39

4. Effective December 28, 2009 and through June 26, 2011 employees shall have 2.46 hours (96 hours divided by 39 payroll periods) of pay, which includes base pay and excludes the special pays indicated in section 17 below, deducted from each paycheck for the thirty-nine (39) payroll periods over the 18-month period. The value of the deducted hours will not be reported as earnings to the CalPERS. However, the deducted furlough hours and value of the furlough hours does not change an employee’s hourly pay rate. The City shall continue to report to CalPERS an employee’s hourly pay rate.


5. Those 2.46 deducted hours shall be placed in a furlough leave hour bank.
6. An employee may take furlough leave hours upon mutual agreement of the supervisor and the employee.
7. If an employee separates employment having used more furlough leave hours than deducted, any furlough leave hours owed shall be deducted from the employee's final paycheck.
8. An employee may use furlough leave hours in lieu of vacation or sick leave hours.
9. Furlough leave hours have no cash value.
10. Employees hired after the implementation date of December 28, 2009 and before June 26, 2011 will be required to participate in the furlough leave program. Furlough leave hours will be prorated based upon date of hire.
11. Furlough leave hours taken shall count as hours worked for all purposes including the calculation of overtime, leave accrual, seniority, etc.
12. 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.
13. Effective June 27, 2011, employees shall receive forty-eight (48) hours of paid leave called "Special Leave". Employees hired between December 28, 2009 through June 26, 2011 shall receive a prorated amount based upon date of hire and participation in the furlough leave program.
14. An employee may take special leave hours upon mutual agreement of the supervisor and the employee.
15. 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.
16. Employees in shared positions shall have all leave outlined in this Side Letter implemented on a pro-rata basis.
17. Special pays not subject to reduction include Bilingual Pay and Temporary Assignment Pay.
18. 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. Any reduction in furlough hours 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 furlough.
19. Any Unit 4 employee with an outstanding Fair Labor Standards Act pay advance in place in 1985/86 will not have that advance withheld from his/her final paycheck.

20. All provisions of the Unit 4 Compensation Plan remain in effect except those agreed upon in this Side Letter of Agreement.

Petaluma Professional & Mid-Managers Association – Unit 4



Katie Crump, President

4/12/10
Date


Tim Williamsen, Vice-President

1/12/10
Date

City of Petaluma


John C. Brown, City Manager

1-12-10
Date


Scott Brodhun, Assistant City Manager

1.12.10
Date


Pamala Robbins, Human Resources Manager

1-12-2010
Date