

SIDE LETTER AGREEMENT NO. 5

TO AGREEMENT NO. 6710A

BETWEEN

ADMINISTRATIVE, MANAGERIAL AND PROFESSIONAL EMPLOYEES

AND

CITY OF NAPA

Budget Impact Sideletter

1. The City of Napa ("City") and the Administrative, Managerial and Professional Employees ("AMP") are parties to a Memorandum of Understanding with a term of January 1, 2003 through February 28, 2011. The Memorandum of Understanding has been modified through previous side letters (Side letter Agreement No. 1 through Side Letter Agreement No. 4). The Memorandum of Understanding, as modified by the previous side letters is hereinafter referred to as the "MOU." This Side Letter Agreement No. 5 (hereinafter "Side Letter") hereby incorporates by reference all terms and conditions set forth in the MOU, unless specifically modified by this Side Letter. All terms and conditions set forth in the MOU which are not specifically modified by this Side Letter shall remain in full force and effect. The parties are committed to maintaining cooperative labor relations, including discussions over matters outside of the MOU, now and in the future. Therefore, the parties agree to modify the MOU as follows:

Health Insurance

- a. Add the following to MOU Section 4- Health and Welfare

- 4.11 AMP recognizes the City's desire to implement long-term cost savings for health care costs through changes to the City's medical insurance plan design (co-pays) during Fiscal Year 2007/08. Pursuant to Side Letter Agreement No. 2, AMP would like to participate in a Labor-Management Committee on health benefits. Pending approval from all employee associations, AMP is committed to reviewing options and taking information to members to achieve the City's savings as well as reduce the 2.7% contribution identified as the Insurance Share Contribution in Section 4.12, below.

AMP agrees to reopen the MOU and to meet and confer regarding Sections 4.1 and 4.3 pertaining to the proposed medical insurance plan design changes or other long-term cost savings systems like CalPERS if the City and NCEA agree to cost-saving changes in health insurance plans.

- 4.12 Beginning on July 1, 2007 and continuing until June 30, 2008, the City's contribution to health insurance or in lieu health coverage under MOU Section 4 shall be reduced by an amount equal to 2.7 % of the employee's base salary. The employee's contribution to health insurance shall increase by the same amount ("Insurance Cost Share Contribution").

In the event that the Insurance Cost Share Contribution for an individual employee exceeds the amount of the City's contribution to health insurance for the employee, the balance of the reduction shall be taken from the City

contribution to other health and welfare insurances in the following order: Dental, Long Term Disability, and Life Insurance. The employee contribution shall be a payroll deduction made on a pre-tax basis through the City's \$125 plan.

In the event that the Insurance Cost Share Contribution exceeds the amount of the City's cost for an employee's contribution to all insurances, the balance of the Insurance Cost Share Contribution shall be made through a separate payroll deduction.

The amount of the reduction in employer contribution to health in lieu, health or other insurances pursuant to this side letter shall not be considered for purposes of any compensation survey performed pursuant to the MOU. In other words, the City contribution toward health insurance shall be considered to include the reduction based on the Insurance Cost Share Contribution.

In the event that the parties agree to modify the City's medical insurance plan design (co-pays), the Insurance Cost Share Contribution amount will be reduced by a proportionate amount of cost savings achieved due to those plan design changes.

Management Leave

b. Add the following to MOU Section 7 Management Leave:

- 7.4 On July 1, 2007, AMP Members will be granted five (5) additional Management Leave days for FY 2007/08, only. These additional days cannot be cashed out but can be donated to the Catastrophic Leave Bank.

Flexible Work Hours

c. Add the following to MOU Section 12 Working Hours:

- 12.5 AMP Members will be afforded flexibility in scheduling their work hours including alternate schedules, telecommuting, flexing time over multiple days (i.e., 10 hour on a Thursday and 6 hours on a Friday), and other flexibility so long as 80 hours are worked in a 2-week period.

AMP recognizes that flexible hours cannot have an adverse impact on meeting the needs of the City and/or the employees' Department and that abuse of flexibility will result in loss of the privilege and/or discipline for individual employees as determined by the City. The City will endeavor to accommodate flexibility as often as possible similar to requests for vacation time. Flexible hours, except within the same day, shall be recorded and pre-approved by the Department head or designee on a Leave Request Form.

Vacation

- d. MOU Section 8 (Vacation) is modified as follows: [note: all changes are marked in legislative format (underscore and strikeout). [The unmodified portions of Section 8 are presented only for context. All portions of Section 8 which are not specifically modified by this Side Letter shall remain in full force and effect.]:

8.0 VACATION

The maximum annual carry-over of accrued vacation will be two hundred eighty (280) hours with an additional forty (40) hours for special purposes upon the approval of the City Manager. Bargaining unit members with maximum accrued vacation hours and who receive ~~City Manager~~ Department Manager approval, may cash out annually up to 80 hours of vacation.

Voluntary Time Off

e. The parties also agree to the following changes to City Voluntary Time Off (VTO) Policy:

The City's Voluntary Time Off (VTO) policy is hereby modified to allow employees to take time off in one (1) hour increments. The requirement that an equal number of vacation hours or management leave must be on the books to take VTO is removed.

Other Items

f. AMP Members will be active participants in working with the City's and the City's consultant to consider restructuring options for City operations.

g. The City recognizes and appreciates that AMP has shown exceptional willingness to come forward and negotiate over these matters despite the fact that its existing memorandum of understanding extends for several more years.

h. This Side Letter (including the MOU as amended herein, and all documents incorporated herein by reference) comprises the entire integrated understanding between the parties concerning the matters described in this Side Letter. This Side Letter supersedes any and all prior negotiations, agreements, or understandings between the parties, written or oral, pertaining to the subject matter of this Side Letter. It is hereby understood and agreed that, other than those that are expressly contained herein; no party has made any promises, representations, understandings or warranties. The terms of this Side Letter are contractual and not a mere recital. The documents incorporated by reference into this Side Letter are complementary; what is called for in one is binding as if called for in all.

i. This MOU, as amended by this Side Letter, shall expire February 28, 2011.

Dated: July 17, 2007

By: Nancy Weiss
Nancy Weiss, Assistant City
Manager
City of Napa

Dated: 8/07, 2007

By: Philip Brun
Philip Brun, President
Napa Administrative, Managerial and
Professional Employees