SIDE LETTER AGREEMENT NO. 9
TO AGREEMENT NO. 6710-A
BETWEEN
ADMINISTRATIVE, MANAGERIAL AND PROFESSIONAL EMPLOYEES
AND
CITY OF NAPA

PAYROLL IMPLEMENTATION SIDE LETTER

1. The City of Napa (City) and the Administrative, Managerial and Professional Employees (AMP) are committed to maintaining cooperative labor relations, including discussions over matters outside of the Memorandum of Understanding (MOU) now and in the future.

2. The City and AMP are parties to an MOU with a term of January 1, 2003 through December 31, 2011.

3. The City of Napa is in the process of implementing a new payroll system, projected to be effective January 1, 2011. This system upgrade will provide a more efficient and modern technology and will allow the City to comply with reporting requirements identified by a recent California Public Employees' Retirement System (CalPERS) audit.

4. The City and AMP have reached agreement on changes to the MOU to ensure consistency with the payroll system upgrade.

5. The effective date of the changes outlined below shall be reflected on the first paycheck in January 2011.

6. The parties agree to modify the MOU as described below. 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.

Section 3.4. Effective Dates of Personnel Transactions (new section)

Effective with implementation of the IFAS Human Resources/Payroll system, employment transactions which effect an employee's pay or retirement contributions (such as merit increases, promotions, transfers, reclassifications, starting and ending specialty pays, and acting assignments) shall be effective the beginning of the pay period in which the transaction occurs.

Section 8. Vacation

The maximum annual carry-over of accrued vacation will be two hundred eighty (280) hours (as of the last day of the pay period containing December 31 of each year) 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 Department Head approval, may cash out annually up to 80 hours of vacation.
Section 9. Sick Leave

9.3 Bargaining unit employees may convert existing sick leave balances to vacation days as follows:

   (1) A maximum of fifteen (15) sick leave days may be converted to vacation days, once a year, as described below, at a ratio of three (3) sick leave days to one (1) vacation day; and

   (2) A maximum of twenty (20) sick leave days may be converted to vacation days, once a year, as described below, at a ratio of four (4) sick leave days to one (1) vacation day.

Bargaining unit members wishing to exercise either or both of the above options must notify the Finance Department during the month of December. Conversion shall become effective at the end of the pay period which contains on the following January 1.

Section 14. Performance Bonus

Upon recommendation of the Department Manager and the approval of the City Manager, an employee may be granted a performance bonus of two percent (2%), three percent (3%) or five percent (5%) of regular base salary only for special and outstanding performance in accordance with the City's Administrative Policy entitled "Criteria for Annual Performance Pay System." Such bonus will be paid in a one-time, lump-sum payment, generally within thirty (30) days of approval, and shall be provided in a separate check subject to legal and required tax deductions.

Section 31. Payroll Implementation (New Section)

(1) Based on a January 1, 2011 implementation date, the City will allow an AMP employee early cash-out of FY 11/12 management leave (which normally would be available starting July 1, 2011), with the provision that employees who take an early cash-out of management leave and who leave City employment prior to July 1, 2011 will be required to reimburse the City, the amount equal to the early cash out, taken by the employee.

(2) City agrees to provide AMP member employees' a loan to mitigate the effect of the lag period associated with the new payroll system. The terms of the loan are contained in Attachment A

[Note: this side letter is not intended to affect the language of any other provisions of the MOU.]
Side Letter Agreement Number 9
Between AMP and the City of Napa
Re: Payroll System Upgrade
Page 3 of 3

Dated: July 19, 2010
By: Nancy Weiss, Assistant City Manager
City of Napa

Dated: July 12, 2010
By: Shirley Perkins, President
AMP

ATTEST:
DOROTHY ROADMAN, City Clerk
(Type name and title)

COUNTERSIGNED:
ANN MEHTA, City Auditor
(Type name and title)

APPROVED AS TO FORM:
MICHAEL W. BARRETT, City Attorney
(Type name and title)
The City offers AMP employees the following loan program to mitigate the impact of implementation of a pay cycle which includes a 7-day processing period following the end of the pay period.

- The City shall provide an interest free loan to AMP employees in an amount up to 40 hours of that employee's base pay, rounded to the nearest $100.
- The employee elects the actual amount, in $100 increments by December 1, 2010.
- The loan will be made to the employee on January 14, 2011, the day the first IFAS pay check is received.
- Loan payments shall be deducted from employee pay checks starting January 28, 2011.
- Loan payments can be made over 12, 24 or 36 months at the employee's election.
- If an employee leaves City employment before the loan is repaid, the balance due shall be deducted from the final pay check.
- The loan payment shall be the primary deduction from the employee's paycheck, after garnishments, meaning that if an employee's check cannot make a loan payment along with other deductions, the loan will be paid before the other deductions (i.e. 457 plan or Credit Union) are made.
- Available to employees hired on or before December 1, 2010

A sample payment schedule is shown below:

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<th>Job Class</th>
<th>Monthly</th>
<th>Hourly</th>
<th>Max</th>
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<th>52</th>
<th>78</th>
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