

SIDE LETTER AGREEMENT NO. 2

TO AGREEMENT NO. 6710A

BETWEEN

ADMINISTRATIVE, MANAGERIAL AND PROFESSIONAL EMPLOYEES

AND

CITY OF NAPA

Budget Reduction Sideletter

1. The City of Napa ("City") and the Administrative, Managerial and Professional Employees ("AMP") are parties to a Memorandum of Understanding ("MOU") with a term of January 1, 2003 through February 28, 2011. However, the parties are committed to maintaining cooperative labor relations, including discussions over matters outside of the MOU, now and in the future.
2. MOU Section 3 (Compensation) is modified as follows [note: all changes are marked in legislative format (underscore and strikeout)]. [The unmodified portions of Section 3 are presented only for context]:

...

3.2 AVERAGE MARKET MOVEMENT

Average Market Movement Methodology: The City will determine the average percentage salary increases given to each survey agency's corresponding bargaining unit. The survey will be initiated on January 2nd of each applicable year and will include known salary adjustments from January 2nd of the prior year through January 1st of the current year. To calculate the salary increase, the total percentage salary increase given to each survey agency's corresponding bargaining unit - since the prior survey - will be determined and shown as a percentage. The percentages for each agency will be added together and divided by nine (the number of survey agencies in the survey). The resulting average is the percentage increase that will be given to bargaining unit members. If a survey city does not have an increase or the increase is unknown at the time the survey is performed, "0" will be used in the calculations. If the next survey undertaken involves the "average market movement" methodology, that figure will be updated at the next survey and added to the survey figure for the known salary increases when tabulating the average on the next "market movement" survey. If the next survey involves the "market benchmark" methodology, the actual top step monthly salaries are used in the "market benchmark" formula and, by definition, will ensure that any previously unknown adjustments are reflected in the survey data.

The percentage salary increase as determined by the Market Movement Survey shall not be reduced by the .32% PERS Conversion factor.

March 1, 2006 Average Market Movement Salary Adjustment. On January 2, 2006, the City shall initiate an "average market movement survey" of the nine (9)

agencies identified in Section 3.1. Effective March 1, 2006, the City shall adjust the salary of all bargaining unit members by the percentage derived from the "average market movement survey." The City will calculate the average percentage salary increases given to each survey agency's corresponding bargaining unit and review with the designated members of the AMP Board prior to implementation. The survey will include data to reflect each agency's market adjustment for base salary from January 2, 2005 through January 1, 2006. **Base salary adjustments will be a minimum increase of one percent (1%) and capped at a maximum increase of two percent (2%) of base salary with prior year excess increase (i.e., any increase indicated by the 2005 survey which was not applied to base salary) included up to the two percent (2%) cap. [For example, if the March 1, 2005 survey indicates an increase of 7%, 5 of which is granted as a salary increase, and the 2006 survey indicates an increase of 1%, the classification will be granted an increase of 5% in 2005 and 2% in 2006.]**

March 1, 2007 Average Market Movement Salary Adjustment. On January 2, 2007, the City shall initiate an "average market movement survey" of the nine (9) agencies identified in Section 3.1. Effective March 1, 2007, the City shall adjust the salary of all bargaining unit members by the percentage derived from the "average market movement survey." The City will calculate the average percentage salary increases given to each survey agency's corresponding bargaining unit and review with the designated members of the AMP Board prior to implementation. The survey will include data to reflect each agency's market adjustment for base salary from January 2, 2006 through January 1, 2007. **Base salary adjustment increases will be capped at three percent (3%) of base salary with prior year excess increase included up to the three percent (3%) cap. [Continuing the prior example, if the surveys indicate increases of 7% (2005), 1% (2006), and 1.5% (2007), the classification would be awarded increases of 5% (2005), 2% (2006), and 2.5% (2007).]**

March 1, 2009~~2008~~ Average Market Movement Salary Adjustment. On January 2, **2009 2008**, the City shall initiate an "average market movement survey" of the nine (9) agencies identified in Section 3.1. Effective March 1, **2009 2008**, the City shall adjust the salary of all bargaining unit members by the percentage derived from the "average market movement survey." The City will calculate the average percentage salary increases given to each survey agency's corresponding bargaining unit and review with the designated members of the AMP Board prior to implementation. The survey will include data to reflect each agency's market adjustment for base salary from January 2, **2008 2007** through January 1, **2009 2008**.

3.3 MARKET BENCHMARK SURVEY

Market Benchmark Survey Methodology: The City will survey all Benchmark classifications identified in Attachment A. For those classifications not surveyed, internal relationships identified in Attachment A will be maintained. Top step salary information for each of these classifications will be collected from the nine (9) agencies identified in Section 3.1. The survey will be initiated on January 1st of each applicable year and will include base salaries for each bargaining unit position and will include known salary adjustments through the effective date of the salary adjustment (i.e. March 1, 2005 and March 1, 2009). To determine base salaries, the survey will deduct employee PERS contributions paid by the employee. The City and AMP will meet to discuss the

implementation of salary adjustments for 2005 and/or 2009, as well as the data to be used for salary adjustments for any positions with fewer than five (5) comparables in the market.

The percentage salary increase as determined by the Market Benchmark Movement Survey shall not be reduced by the .32% PERS Conversion factor.

March 1, 2005 Market Benchmark Salary Survey Adjustment. On January 1, 2005, the City shall initiate a "market benchmark salary survey" for all Benchmark classifications identified in Attachment A. Top step salary information for each of these classifications will be collected from the nine (9) agencies identified in Section 3.1. Effective March 1, 2005, the salary of all bargaining unit members shall be adjusted by the amount resulting from the survey, as specified in Attachment A. These adjustments will be capped at five percent (5%) of base salary. Benchmark Survey increases in excess of five percent (5%) will be carried forward to future years as indicated in the paragraphs relating to the March 1, 2006 and March 1, 2007 Market Movement Surveys. This agreement is contingent upon a cap of five percent (5%) for the Department Heads' 2004 Benchmark Survey.

In addition, the parties will meet and discuss whether salaries for any of those classifications that are eight percent (8%) or more behind market shall be exempted from this cap or otherwise accorded special treatment and, if so, what that treatment shall be. Any employees in positions who are "above market" shall have their salaries "Y-Rated" (i.e., their individual salary shall not be reduced to meet the market). The parties shall meet to discuss how the salaries of the "Y-Rated" individuals should be administered. Bargaining unit members who separate after March 1, 2005 but before the parties have reached agreement regarding the amount of the March 1, 2005 adjustment for their classification will be entitled to retro pay (to account for the increase) for the period between March 1, 2005 and the date of their separation from City service.

Due to organization changes since the last benchmark, the parties agree to discuss the appropriate benchmarks for the following positions:

- Planning Manager
- Development Engineering Manager
- Water Quality Analyst
- Community Resources Officer
- Senior Traffic Engineer
- Accounting and Audit Supervisor
- GIS Coordinator
- Systems Administrator
- Information Technology Manager
- Recreation Supervisor
- Senior Center Supervisor
- Water Systems Maintenance Supervisor
- General Manager, Water Division

March 1, 2008~~2009~~ Market Benchmark Salary Survey Adjustment.

On January 1, ~~2008~~ ~~2009~~, the City shall initiate a "market benchmark salary survey" for all Benchmark classifications identified in Attachment A. Top step salary information for each of these classification will be collected from the nine (9) agencies identified in Section 3.1. Effective March 1, ~~2008~~ ~~2009~~, the salary of bargaining unit members shall be adjusted by the amount resulting from the survey, as specified in Attachment A. The

parties agree to meet beginning in January of 2008 to discuss appropriate benchmarks and internal ties for the 2008 benchmark survey.

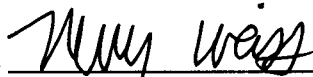
3. Add the following to MOU Section 21 Lay Offs and Reduction in Force :

The City agrees not to lay off any member of the AMP bargaining unit during the period from March 1, 2005 through June 30, 2006.

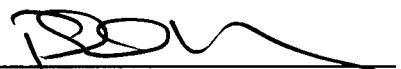
The City intends not to lay off any member of the AMP bargaining unit during the 2006-07 fiscal year. However, the City Council retains the exclusive discretion to determine whether changes in the City's fiscal condition warrant the imposition of layoffs in the 2006-07 fiscal year. In the event that the City Council deems it necessary to impose layoffs during the 2006-07 fiscal year, the City will so inform AMP and the cap set forth above shall not apply for the 2006-07 fiscal year. In addition, the parties will meet and discuss options for avoiding layoffs for AMP members.

4. 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.
5. If other bargaining units agree to salary and benefit adjustments, the parties agree to meet and discuss to ensure that AMP's agreement is materially consistent with the agreements reached with other groups.
6. The parties agree to re-open discussion on the implementation of a 9/80 work schedule per the provisions outlined in the MOU.
7. The parties agree to participate in a Labor-Management Committee on Health Benefits throughout the term of this agreement.
8. This Agreement sets forth the entire agreement between the parties and supersedes any and all prior agreements between the parties, written or oral, pertaining to the subject matter of this Agreement. 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 Agreement are contractual and not a mere recital.
9. This Agreement shall be part of the current MOU and shall expire with the current MOU (February 28, 2011).

Dated: August 1, 2005

By: 
Nancy Weiss, Assistant City
Manager
City of Napa

Dated: JULY 12, 2005

By: 
Philip Brun
AMP