

Letter of Agreement  
Between  
City of Modesto  
And  
**Modesto City Employees Association**  
**Effective 3/18/09\***

The City of Modesto and Modesto City Employees Association (MCEA) have met and conferred and have agreed to the following:

**A. Furloughs**

The City and MCEA have agreed to implement 32 hours of furloughs to be taken off between March 17, 2009 and June 30, 2009, as follows:

1. Effective the pay period beginning March 17, 2009, and for a total of seven (7) pay periods, each member shall have 4.57 unpaid furlough hours deducted from his/her paycheck. This translates to 4 hours and 34 minutes per pay period (4:34) and is calculated by dividing thirty-two (32) hours by seven (7) pay periods.
2. On the pay period ending March 30, 2009 the City shall create for each member a furlough bank of 32 hours. Between March 17, 2009 and June 30, 2009 the appropriate Department Director shall ensure that all members exhaust all thirty two (32) hours in the furlough bank in a manner that does not result in an increase in overtime cost due to the vacancy left by the furloughed employee.
3. Employees who have already taken voluntary unpaid furloughs during FY 08/09 may credit those voluntary furlough hours against this 32-hour requirement. These employees will be required to take the remaining hours, if any, to total 32 hours of voluntary and mandatory furlough time. Employees who have taken voluntary furloughs shall not have the leave deduction taken each payperiod nor will they have the furlough bank established. Mandatory furlough time for these employees shall be coded on the employee's timesheet as unpaid furlough leave at the time the mandatory furlough hours are taken off.
4. During this designated furlough period through June 30, 2009, the City will continue to report each employee's full base pay rate to CalPERS each payperiod. In addition, an employee's percentage-based special incentive pay (if any) will continue to be paid based on the employee's regular schedule and will not be impacted by the furlough deductions. Therefore, these percentage-based special pays will be fully reported to CalPERS.
5. Employees who regularly work a reduced work schedule, will have the 32-hour furlough requirement reduced in proportion to their reduced work schedule.
6. The parties agree that the City has the sole discretion to assign overtime and that the City shall not allow members of this bargaining unit to require the City to backfill

\* assumes ratified by 3/18/09 and on City Council Agenda of 3/24/09

with overtime to cover furlough hours in order to avoid actual reduction of pay by any employee. Furlough hours taken off are not considered hours worked for purposes of calculating overtime because furlough hours are unpaid.

7. Employee furloughs shall not alter any existing stand by or call duty rosters and employees shall be eligible for standby and call duty compensation during a furlough week as if the employee was in fully paid status.

## **B. Retirement Incentive Program**

The following agreement has been reached with respect to a Retirement Incentive Program:

1. Any employee who voluntarily retires from the City between April 15, 2009 and June 1, 2009 shall receive a cash Incentive based on years of service with the City to a maximum of \$30,000. The employee's last day on payroll shall be on or after April 15, 2009 and no later than June 1, 2009.
2. The employee must notify the Human Resources Department, in writing, on or before March 25, 2009, and no later than April 10, 2009, of his/her election to take this option. Employees electing this option shall have seven (7) calendar days to rescind their election. Thereafter, the election shall be irrevocable.
3. The City Manager is authorized to accept or reject these elections, based on the needs of the City. There is no appeal of the City Manager's decision, nor is the City Manager's decision subject to the Grievance Procedure.
4. The employee must have a minimum of five (5) years of continuous service with the City of Modesto in a regular position.
5. The actual Incentive amount shall be calculated by multiplying the employee's number of completed years of continuous City of Modesto service, as of the employee's retirement effective date, by the employee's base hourly rate multiplied by forty hours. For employees whose regular work schedule is less than 40 hours, the 40 hour calculation shall be reduced proportionally. Only years of service in regular benefited positions will be qualifying. In no event shall the Incentive amount exceed \$30,000.
6. The method of distributing the Incentive must be on a bargaining unit-wide basis. No individual employee elections regarding the method of distribution will be permitted. If no method of distribution is designated by MCEA by \_\_\_\_\_, the distribution shall be in cash and subject to all applicable taxes.
7. Distribution options may include Health Reimbursement Arrangements (HRA's), deferred compensation (if allowable under the Internal Revenue Code and ICMA-RC) or cash. If it is later determined that distributions into deferred compensation or HRA accounts do not meet the non-discrimination requirements of the Internal Revenue Code, any such distributions shall revert to the employees as taxable cash.
8. The City Manager is authorized to extend an employee's retirement date under the Incentive Program, with the employee's agreement, to meet the needs of the City.

9. The employee shall complete a waiver of any and all liability claims.
10. Any employee who receives this Incentive and is currently "opting out" of health coverage will have a one-time opportunity to opt-in during open enrollment, with coverage effective August 1, 2009.

**C. Voluntary Separation Program**

The following agreement has been reached with respect to a Voluntary Separation Program:

1. The Voluntary Separation Program provides the same maximum \$30,000 Incentive, formula, time frames and selection process as provided in the Section B – Retirement Incentive Program.
2. The employee must have a minimum of five (5) years of continuous service with the City of Modesto in a regular position.
3. The employee shall waive his/her unemployment insurance benefits, as this is a voluntary separation.
4. The employee may not submit an application for City employment within the first 12 months following the effective date of the resignation.
5. The employee shall complete a waiver of any and all liability claims.
6. There is no appeal of the City Manager’s decision, nor is the City Manager’s decision subject to the Grievance Procedure.
7. Employee severs any and all rights to City employment including but not limited to seniority, layoff, bumping and/or recall rights, re-employment rights and any rights to appeal loss of property interests in employment.

**D. Severance Package Upon Layoff**

The following agreement has been reached with respect to a Severance Package Upon Layoff:

1. The Severance Package upon layoff is available to employees subject to layoff due to an authorized reduction in the work force, for the period of March 25, 2009 through June 30, 2010.
2. Severance pay shall be based on the employees base rate of pay and completed years of continuous service as follows:
 

0-5 years of service	160 hours multiplied by the employee’s present base hourly rate.
6-8 years of service	200 hours multiplied by the employee’s present base hourly rate.
9-11 years of service	240 hours multiplied by the employee’s present base hourly rate.
12-14 years of service	280 hours multiplied by the employee’s present base hourly rate.

15 or more years of service 320 hours multiplied by the employee's present base hourly rate.

For employees whose regular work schedule is less than full time, the hours used to calculate severance pay shall be prorated.

3. City will continue the City's contribution to employee's health, dental and vision benefits for the same number of weeks as the employee's severance pay, excluding any contribution to in-lieu deferred compensation.
4. Counseling benefits under the City's Employee Assistance Program (or Police Department Counseling Program) shall be available for a six month period following the effective date of the layoff.
5. City will provide paid interview leave prior to layoff, to a maximum of fifteen (15) hours for employees notified by their Department Director that they may be laid off.
6. The City Manager may authorize an employee who volunteers to be laid off, to be laid off with rights to receive severance pay, health contributions and interview leave.

**E. MCEA MOU ARTICLE 39; Section 39.F shall be amended as follows:**

To determine the level of performance evaluation, the most recent annual or probationary evaluation shall be used. Each overall rating of "does not meet standard" shall reduce the employee's continuous years of service by one (1) year. An overall rating of meets standard or exceeds standard shall not reduce the employee's overall years of service.

For the City of Modesto:

For Modesto City Employees Association:

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Tom McCarthy, President

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Greg Nyhoff, City Manager

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Ron Flood, Vice President

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Judith Ray, Deputy City Manager

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Mona Mount, Treasurer

\_\_\_\_\_  
Barbara Santos, Deputy Director of Human Resources

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Joe Rose, Attorney

Dated: \_\_\_\_\_