



1 **RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE CITY OF SAN**  
2 **BERNARDINO APPROVING SIDE LETTER AGREEMENTS WITH THE**  
3 **MANAGEMENT/CONFIDENTIAL (SBCMA), MIDDLE MANAGEMENT (SBPEA) AND**  
4 **GENERAL (IUOE) BARGAINING UNITS.**

4           **WHEREAS**, the City and SBCMA, SBPEA and IUOE representatives have met  
5 and have reached agreement on certain terms and conditions set forth in attached side  
6 letters, Exhibit "A", Exhibit "B" and Exhibit "C"; and

8           **WHEREAS**, such agreements have been ratified by the members of SBCMA,  
9 SBPEA and IUOE bargaining units.

11           **NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON**  
12 **COUNCIL OF THE CITY OF SAN BERNARDINO AS FOLLOWS:**

13           **SECTION 1:** The Side Letters executed by the SBCMA, SBPEA and IUOE  
14 attached hereto and incorporated herein, marked as Exhibits "A", "B", and "C",  
15 respectively, are hereby approved.

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1 RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE CITY OF SAN  
2 BERNARDINO APPROVING SIDE LETTER AGREEMENTS WITH THE  
3 MANAGEMENT/CONFIDENTIAL (SBCMA), MIDDLE MANAGEMENT (SBPEA) AND  
4 GENERAL (IUOE) BARGAINING UNITS.

4 I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Mayor and  
5 Common Council of the City of San Bernardino at a joint regular meeting  
6 thereof, held on the 7th day of July, 2014, by the following vote, to wit:

9 Council Members:	AYES	NAYS	ABSTAIN	ABSENT
10 MARQUEZ	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>
11 BARRIOS	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>
12 VALDIVIA	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>
13 SHORETT	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>
14 NICKEL	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>
15 JOHNSON	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>
16 MULVIHILL	<u>X</u>	<u>      </u>	<u>      </u>	<u>      </u>

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19 Georgann Hanna, City Clerk

20 The foregoing resolution is hereby approved this 9th day of July, 2014.

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22 Virginia Marquez, Mayor Pro Tem  
23 City of San Bernardino

24 Approved as to form:  
25 GARY D. SAENZ,  
26 City Attorney

26 By:   
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**Side Letter Agreement between the City of San Bernardino ("City") and the San Bernardino Confidential/Management Association (SBCMA) extending the terms and conditions of employment.**

**SECTION 1.** The following terms and conditions of employment for SBCMA members, which had been adopted by the Mayor and Common Council (Resolution 2013-22) and ratified by the SBCMA for implementation effective February 1, 2013, shall continue for the duration of this Agreement:

1. CalPERS Retirement Formulas: For all employees employed on or before 10/3/11, 2.7% @ 55; Employees hired on or after 10/4/11 to 12/31/12, 2% @ 55; Employees hired on or after 1/1/13, 2% @ 62.
2. Cost Sharing of CalPERS Benefits: All employees hired on or before December 31, 2012 shall contribute 9.304% to the CalPERS benefit representing 50% of the normal cost of benefits as determined by CalPERS for the 2013-2014 fiscal year. Employees hired on or after January 1, 2013, shall contribute 50% of the normal contributions consistent with the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA). The provisions of Section 414(h)(2) of the Internal Revenue Code (IRC) are applicable to contributions designated as employee contributions made by the City of San Bernardino to the CalPERS and are hereby incorporated herein.
3. Salary Concessions: All salary concessions previously agreed to by the City and the SBCMA shall be restored to their prior level and all bargaining unit employees will resume working a forty (40) hour week. Education Tuition Assistance will no longer be suspended. Bargaining unit members who are so entitled shall continue to receive eighty (80) hours per fiscal year of administrative leave.
4. Post-Retirement Medical Benefits: Employees hired on or after January 1, 2013, shall not be eligible to receive payments for retiree medical benefits.

The City shall reserve all rights to modify retiree medical plans and the amount of contributions paid by the City.

5. Suspension of Payments for Accrued Leaves: All payments for accrued sick leave, vacation, and holiday leave time to which employees may be entitled prior to separation from employment (sell-backs) shall remain suspended in accordance with the action of the Mayor and Common Council on June 16, 2014. All payments for cash-outs upon separation for all accrued sick, vacation and holiday leave shall remain suspended in accordance with the action of the Mayor and Common Council on June 16, 2014.
6. Vacation Leave Accrual Caps: Effective July 1, 2013, a bargaining unit employee may only accrue vacation leave hours as follows: 1 through 5 years of service: up to 160 hours; 6 through the completion of 15 years of service: up to 240 hours; 16 through the completion of 20 years of service: up to 320; and, 21 or more years of service: up to 400 hours. Any hours in excess of these caps shall be cashed out on July 1, 2013. Once the cap has been reached, a bargaining unit member may not accrue any additional hours until the employee's accrued leave is below the cap.
7. Sick Leave Accrual Caps: Effective February 1, 2013, all bargaining unit employees may only accrue a maximum of 1040 hours of sick leave. All bargaining unit employees with accrued sick leave hours in excess of 900 hours on February 1, 2013, will have those excess hours converted to a separate excess sick leave bank (ESL). Effective July 1, 2013, 24 hours from the ESL shall be cashed out each quarter of the fiscal year. Fifty percent (50%) of any remaining balances in the ESL at the time of separation shall revert to a PEHP trust or a 401(a). Sick leave earned on or after February 1, 2013, is subject to the 1040 cap. At the time of separation, any employee having six (6) or more years of service, shall convert unused sick leave earned after February 1, 2013 to a PEHP or a 401(a) as follows: 288 hours or less accrued = no conversion; 289-479 hours = 20% of accrued sick leave; 480-959 hours = 25%; 960 or more hours = 35%.

8. Family Sick Leave: SBCMA bargaining unit members may use unlimited accrued sick leave for the care of an immediate family member. Immediate family member means husband, wife, grandmother, grandfather, mother, father, sister, brother, son, daughter, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, or domestic partner.
9. Standard Tour of Duty: The standard tour of duty for SBCMA employees assigned to City Hall (exclusive of the City Attorney's Office) shall be a 4/10 work schedule, (40-hour workweek consisting of four ten (10) hour days, with Fridays off). The City may change the standard tour of duty as required. The City shall generally give employees two (2) weeks' notice of any proposed changes to the standard tour of duty. Emergency situations are exempted from the two (2) weeks' notice provision.

**SECTION 2. Tuition Reimbursement.** For fiscal year 2014-2015, the City shall make available to all eligible City employees, a \$20,000 fund to be used for tuition costs and textbooks. The fund shall be distributed on a first come basis as determined by the filing date of the appropriate documentation with the Human Resources Department [Refer to Department Director Letter #48 (April 12, 2004)].

**SECTION 3. Health Benefits.** The City and the SBCMA agree to continue negotiations with respect to contributions toward health, dental, vision, and other medical benefits. SBCMA agrees to continue to participate in the City's Joint Labor Management Health Benefits Committee to review possible options for modifying health benefit plan designs. The City and SBCMA agree to negotiate health benefit contributions based upon plan designs once the renewal rates are available. Plan designs and contributions shall be effective January 1, 2015.

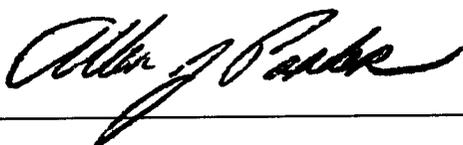
**SECTION 4. Bonus Pay.** Each member of the Management/Confidential Unit shall be entitled to a one-time, off-schedule, lump sum bonus equal to 2% of the employee's annual base pay. Such payment is not considered compensation for purposes of CalPERS. Bonus is subject to state and federal taxes. Payment will be paid on the first paycheck in November 2014.

**SECTION 5. Term.** The terms and conditions set forth herein shall be in effect from July 1, 2014, through June 30, 2015, and any Prepetition Agreements, and any amendments thereto, shall continue to apply except as expressly set forth herein. Nothing in this Agreement is intended to or constitutes an assumption or rejection (as those terms are used in the Bankruptcy Code) of the MOU or any other agreement between the SBCMA and the City. The City reserves the right to take any such action at any time in the future. The Parties hereto reserve all other rights for bankruptcy purposes or otherwise. During the duration of this Agreement, the City and the SBCMA agreed to continue negotiating with the intent of reaching a comprehensive Memorandum of Understanding (MOU) including, without limitation, health benefits contributions, and other economic and non-economic benefits and to discuss relative Chapter 9 Plan of Adjustment issues.

DATE: 6-26-14

FOR THE CITY:

REPRESENTATIVES OF:  
SAN BERNARDINO  
CONFIDENTIAL/MANAGEMENT  
(SBCMA) UNIT EMPLOYEES

  
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**Side Letter Agreement between the City of San Bernardino ("City") and the General Unit Employees represented by the International Union of Operating Engineers (IUOE) extending the terms and conditions of employment.**

**SECTION 1.** The following terms and conditions of employment for General Unit members represented by the International Union of Operating Engineers ("IUOE"), which had been adopted by the Mayor and Common Council (Resolution No. 2013-24) and ratified by the IUOE for implementation effective February 1, 2013, shall continue for the duration of this Agreement:

1. CalPERS Retirement Formulas: For all employees employed on or before 10/3/11, 2.7% @ 55; Employees hired on or after 10/4/11 to 12/31/12, 2% @ 55; Employees hired on or after 1/1/13, 2% @ 62.
2. Cost Sharing of CalPERS Benefits: All employees hired on or before December 31, 2012 shall contribute 9.304% to the CalPERS benefit representing 50% of the normal cost of benefits as determined by CalPERS for the 2013-2014 fiscal year. Employees hired on or after January 1, 2013, shall contribute 50% of the normal contributions consistent with the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA). The provisions of Section 414(h)(2) of the Internal Revenue Code (IRC) are applicable to contributions designated as employee contributions made by the City of San Bernardino to the CalPERS and are hereby incorporated herein.
3. Salary Concessions: All salary concessions previously agreed to by the City and the IUOE shall be restored to their prior level and all bargaining unit employees will resume working a forty (40) hour week.
4. Post-Retirement Medical Benefits: Employees hired on or after 1/1/13 shall not be eligible to receive payments for retiree medical benefits. The City shall reserve all rights to modify retiree medical plans and the amount of contributions paid by the City.

5. Suspension of Payments for Accrued Leaves: All payments for accrued sick leave, vacation, and holiday leave time to which employees may be entitled prior to separation from employment (sell-backs) shall remain suspended in accordance with the action of the Common Council on June 16, 2014. All payments for cash-outs upon separation for accrued sick, vacation and holiday leave shall remain suspended in accordance with the action of the Common Council on June 16, 2014.

In addition to the above, the following terms and conditions shall be in effect during the term of this Agreement:

**SECTION 2. Holiday.** The terms and conditions regarding accrued holiday leave as adopted by the Mayor and Common Council by Resolution No. 2013-108 are incorporated herein for the duration of the Agreement.

**SECTION 3. Bonus Pay.** Each member of the General Unit shall be entitled to a one-time, off-schedule, lump sum bonus equal to 3% of the employee's annual base pay. Such payment is not considered compensation for purposes of CalPERS. Bonus is subject to state and federal taxes. Payment will be paid on the first paycheck in November 2014.

**SECTION 4. Health Benefits.** The City and the IUOE agree to continue negotiations with respect to contributions toward health, dental, vision, and other medical benefits. IUOE agrees to continue to participate in the City's Joint Labor Management Health Benefits Committee to review possible options for modifying health benefit plan designs. The City and IUOE agree to negotiate health benefit contributions based upon plan designs once renewal rates are available. Plan designs and contributions shall be effective January 1, 2015.

**SECTION 5. Higher Acting Classification Pay.** The following language shall be added to *Article III, Section 4, Higher Acting Classification Pay*, of the current Memorandum of Understanding: "No General Unit Employee that is on probation shall be placed in a higher acting classification. Further, no General Unit employee shall be in a higher acting classification for more than one (1) year."

**SECTION 6. Term.** The terms and conditions set forth herein shall be in effect from July 1, 2014 through June 30, 2015, and any pre-petition Memorandum of Understanding (MOU) and any amendments thereto, shall continue to apply except as expressly set forth herein. Nothing in this Agreement is intended to or constitutes an assumption or rejection (as those terms are used in the Bankruptcy Code) of any MOU or any other agreements between the IUOE and the City. The City and the IUOE agree to continue negotiating with the intent of reaching a comprehensive agreement including, without limitation, health benefit contributions, and other economic and non-economic benefits and to discuss relative Chapter 9 Plan of Adjustment issues.

Date: 6/26/14

For the City:

[Signature]  
[Signature]  
[Signature]

For the IUOE:

[Signature]

**Side Letter Agreement between the City of San Bernardino ("City") and the Middle-Management Unit Employees represented by the San Bernardino Public Employees Association (SBPEA) extending the terms and conditions of employment.**

**SECTION 1.** The following terms and conditions of employment for the middle-management bargaining unit members represented by the SBPEA, which had been adopted by the Mayor and Common Council (Resolution No. 2013-239) and ratified by SBPEA for implementation effective February 1, 2013, shall continue for the duration of this agreement:

1. CalPERS Retirement Formulas: For all employees employed on or before 10/3/11, 2.7% @ 55; employees hired on or after 10/4/11 to 12/31/12, 2% @ 55; employees hired on or after 1/1/13, 2% @ 62.
  
2. Cost Sharing of CalPERS Benefits: All bargaining unit employees represented by the SBPEA, hired on or before 12/31/12, shall contribute 9.304% of reportable income [8% Employee Contribution plus 1.304% of the Employer Contribution] to the California Public Employee Retirement System (CalPERS) retirement benefit which represents fifty-percent (50%) of the normal costs of benefits as determined by CalPERS for the 2013-2014 fiscal year. Employees hired on or after January 1, 2013, shall contribute 50% of the normal contribution consistent with the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA). The provisions of Section 414(h)(2) of the Internal Revenue Code (IRC) as implemented by the Mayor and Common Council on September 22, 1999 by Resolution No. 1999-235, are applicable to contributions designated as employee contributions made by the City of San Bernardino to the CalPERS and are hereby incorporated herein. [Pendency Plan # 5].
  
3. Salary Concessions: All salary concessions previously agreed to by the City and the SBPEA shall be reversed and all bargaining unit employees will resume working a forty (40) hour week. Bargaining unit members who are so

entitled shall continue to receive forty (40) hours per fiscal year of administrative leave.

5. Post-Retirement Medical Benefits: Employees hired on or after 1/1/13 shall not be eligible to receive payments for retiree medical benefits. With respect to all employees, the City shall reserve all rights to modify retiree medical plans and the amount of contributions paid by the City.
6. Deferral of Payments for Accrued Leaves: All payments for accrued sick leave, holiday, and vacation leave to which employees may be entitled prior to separation from employment (sell-backs) shall remain suspended in accordance with the action of the Mayor and the Common Council on June 16, 2014. All payments for cash-outs upon separation for accrued sick, holiday, and vacation leave shall remain suspended in accordance with the action of the Common Council on June 16, 2014.
7. Sick Leave Accrual Caps: Effective February 1, 2013, all bargaining unit employees may only accrue a maximum of 1040 hours of sick leave. All bargaining unit employees with accrued sick leave hours in excess of 900 hours on August 1, 2013, will have those excess hours converted to a separate excess sick leave bank (ESL). In addition, any net accruals beyond 1040 hours occurring from February 1 to July 31, 2013 will be allocated to the accrued sick leave bank. Effective October 1, 2013, 24 hours from the ESL shall be cashed out each quarter of a fiscal year until the ESL is extinguished or until the employee separates from service. Fifty percent (50%) of any remaining balances in the ESL at the time of separation shall revert to a PEHP trust. Sick leave earned on or after February 1, 2013, is subject to the 1040 hour cap. At the time of separation, any employee having six (6) or more years of service, shall convert unused sick leave earned after February 1, 2013 to a PEHP trust as follows: 288 hours or less accrued = no conversion; 289-479 hours = 20% of accrued sick leave; 480-959 hours = 25%; 960 or more hours = 35%.

8. Family Sick Leave: SBPEA bargaining unit members may use unlimited accrued sick leave for the care of an immediate family member. Immediate family member means husband, wife, grandmother, grandfather, mother, father, sister, brother, son, daughter, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, or domestic partner.

**SECTION 2. Health Benefits.** The City and the SBPEA agree to continue negotiations with respect to contributions toward health, dental, vision, and other medical benefits. SBPEA agrees to continue to participate in the City's Joint Labor Management Health Benefits Committee to review possible options for modifying health benefit plan designs. The City and SBPEA agree to negotiate health benefit contributions based upon plan designs once renewal rates are available. Plan designs and contributions shall be effective January 1, 2015.

**SECTION 3. Tuition Reimbursement.** For fiscal year 2014-2015, the City shall make available to all eligible City employees, a \$20,000 fund to be used for tuition costs and textbooks. The fund shall be distributed on a first come basis as determined by the filing date of the appropriate documentation with the Human Resources Department [Refer to Department Director Letter #48 (April 12, 2004)].

**SECTION 4. Vacation Leave.** The following language shall be added to *Article V, Section 1, Vacation*, of the current Memorandum of Understanding: "Requests to utilize accrued vacation shall be submitted in writing on City approved forms to the Department Head. Department Heads shall respond to vacation requests submitted on City approved forms within ten (10) work days. Department Heads shall not unreasonably delay responses to employee vacation requests. Nothing in this article shall be construed to prevent a response to the employee's request before the expiration of ten (10) work days."

**SECTION 5. Bonus Pay.** Each member of the Middle Management Unit shall be entitled to a one-time, off-schedule, lump sum bonus equal to 2.1% of the employee's annual base pay. Such payment is not considered compensation for purposes of CalPERS. Bonus is subject to state and federal taxes. Payment will be paid on the first paycheck in November 2014.

**SECTION 6. Term.** The terms and conditions set forth herein shall be in effect from July 1, 2014 through June 30, 2015, and the Pre-petition Memorandum of Understanding (MOU) between the City and the SBPEA, and any amendments thereto, shall continue to apply except as expressly set forth herein. Nothing in this Agreement is intended to or constitutes an assumption or rejection (as those terms are used in the Bankruptcy Code) of any MOU or any other agreements between the City and the SBPEA. The City and the SBPEA agree to continue to negotiate further terms and conditions of employment during the term of this Agreement including without limitation, health benefit contributions, with the intent of concluding a comprehensive agreement on both economic and non-economic issues and to discuss relative Chapter 9 Plan of Adjustment issues.

DATE: 6/26/14

7/2/14

FOR THE CITY:

REPRESENTATIVES OF:  
MIDDLE MANAGEMENT UNIT  
EMPLOYEES (SBPEA)