

RESOLUTION NO 10753 (2016 Series)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, ADOPTING AND RATIFYING THE MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF SAN LUIS OBISPO AND THE SAN LUIS OBISPO CITY EMPLOYEES ASSOCIATION FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2018.

WHEREAS, the San Luis Obispo City Employees Association (SLOCEA) is committed to providing high quality service to the community and recognize the City's commitment to fiscal responsibility; and

WHEREAS, the City Council is committed to providing competitive compensation to recruit and retain well qualified employees, as provided in the City's adopted Compensation Philosophy.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of San Luis Obispo as follows:

SECTION 1. The Memorandum of Agreement between the City of San Luis Obispo and SLOCEA, attached hereto as Exhibit "A" and incorporated herein by this reference, is hereby adopted and ratified.

SECTION 2. The Director of Finance shall adjust the appropriate accounts to reflect the compensation changes in the 2016-2017 and 2017-2018 Fiscal Year Budgets and Five-year Forecast and other budgetary documents as needed.

SECTION 3. The City Clerk shall furnish a copy of this resolution and a copy of the executed Memorandum of Agreement approved by it to: Ron Faria, SLOCEA President, and Monica Irons, Director of Human Resources.

Upon motion of Council Member Christianson seconded by Council Member Ashbaugh and on the following roll call vote:

AYES:	Council Members Ashbaugh, Christianson, Rivoire, and Mayor Marx
NOES:	None
ABSENT:	Vice Mayor Carpenter

The foregoing resolution was adopted this 15th day of November 2016.



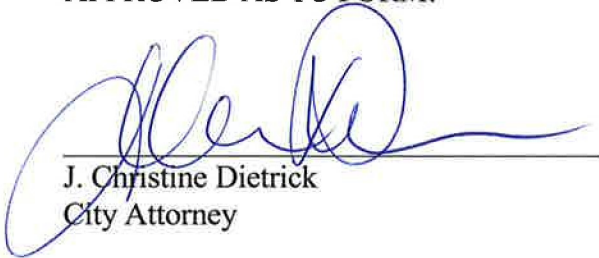
Mayor Jan Marx

ATTEST:



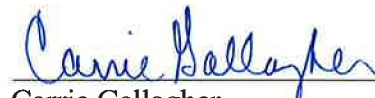
Carrie Gallagher
City Clerk

APPROVED AS TO FORM:



J. Christine Dietrick
City Attorney

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, this 5th day of December, 2016.



Carrie Gallagher
City Clerk

MEMORANDUM OF AGREEMENT

BETWEEN

THE CITY OF SAN LUIS OBISPO

AND THE

SAN LUIS OBISPO

CITY EMPLOYEES' ASSOCIATION

JULY 1, 2016

Through

JUNE 30, 2018



SAN LUIS OBISPO

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ARTICLE 1 - PARTIES TO AGREEMENT

This Agreement is made and entered into this 15th day of November, 2016, by and between the City of San Luis Obispo, hereinafter referred to as the City, and the San Luis Obispo City Employees' Association, hereinafter referred to as the Association.

Nothing in this Agreement between the parties shall invalidate nor be substituted for any provisions in City Resolution No. 6620 or AB 646 codified in California Government Code Sections 3505.4, 3505.5 and 3507.7 unless so stipulated to by provision(s) contained herein and agreed to.

ARTICLE 2 - RECOGNITION

Pursuant to Government Code Section 3500 et seq and City Resolution No. 6620, the City hereby recognizes the San Luis Obispo City Employees' Association as the bargaining representative for purposes of representing regular and probationary employees, occupying the position classifications set forth in Appendix A, in the General Unit with respect to their compensation, hours and other terms and conditions of employment for the duration of the Agreement.

ARTICLE 3 - TERM OF AGREEMENT

This Agreement shall become effective July 1, 2016, except that those provisions which have specific implementation dates shall be implemented on those dates and shall remain in full force and effect until midnight June 30, 2018.

ARTICLE 4 - RENEGOTIATION

If the Association desires to negotiate a successor Agreement, then the Association shall serve upon the City its intent to begin negotiations no earlier than 120 days or later than 90 days prior to the expiration of the MOA. Negotiations shall begin within, but no later than, thirty (30) days from the date of receipt of the notice. Parties may by mutual agreement modify the date for commencement of negotiations.

ARTICLE 5 - SALARY

A. RULES GOVERNING STEP CHANGES FOR NON-SKILLS BASED PAY EMPLOYEES

The following rules shall govern step increases for employees:

- (1) The first step is the minimum rate and shall normally be the hiring rate for the class. In cases where it is difficult to secure qualified personnel, or if a person of unusual qualifications is hired, the Human Resources Director may authorize hiring at any step.
- (2) The second step is an incentive adjustment to encourage an employee to improve his/her work. An employee may be advanced to the second step following the completion of twelve months satisfactory service upon recommendation by his/her department head and the approval of the Human Resources Director.
- (3) The third step represents the middle value of the salary range and is the rate at which a fully qualified, experienced and ordinarily conscientious employee may expect to be paid after a reasonable period of satisfactory service. An employee may be advanced to the third step after completion of twelve months service at the second step, provided the advancement is recommended by the department head and approved by the Human Resources Director.
- (4) The fourth and fifth steps are to be awarded only if performance is deemed competent or above as shown on the last performance evaluation. An employee may be advanced to the fourth step after completion of one year of service at the third step provided the advancement is recommended by the department head and approved by the Human Resources Director. An employee may be advanced to the fifth step after completion of one-year service at the fourth step provided the advancement is recommended and justified in writing by the department head and approved by the Human Resources Director.

- (5) The above criteria for step increases apply except where other arrangements are authorized by the City Manager.
- (6) In applying the above rules, the next step shall be granted, other conditions having been met, on the first day of the payroll period within which the anniversary date occurs.
- (7) Should the employee's salary not be increased, it shall be the privilege of the department head and City Manager to reconsider such increase at any time during the year.
- (8) Each department head shall be authorized to reevaluate employees who reach Step 5 in their pay range. An employee who is not performing up to standard for the fifth step shall be notified in writing that the department head intends to reduce him one step unless his job performance improves to an acceptable level by the end of 60 days. Prior to the end of 60 days the department head shall again reevaluate the employee and, as part of that reevaluation, shall notify the employee if the pay reduction shall then become effective. The fifth step may be reinstated at any time upon recommendation of the department head. If the department head deems it necessary to again remove the fifth step during the same fiscal year, he/she may make the change at any time with three business days written notice.

B. RULES GOVERNING SKILLS BASED PAY

The guidelines for skills based pay classifications are set forth in Appendix B.

C. "Y" RATING

An employee who is not performing up to established job standards for reasons including but not limited to transfer, reclassification, and performance issues may be "Y" rated, freezing his/her salary until such time as standards are met. The department head shall give 60 days written notice to any employee he/she intends to "Y" rate, giving the employee an opportunity to correct any deficiencies. A "Y" rated employee would not receive either step increases or salary increases granted by the City Council

in a MOA resolution such as across the board cost of living increases, market equity increases, or other increases to salary. The "Y" rating procedure shall not result (then or later) in the employee being frozen below the next lower step of the new range. For example, if an employee is at step 4 when "frozen" his/her salary shall not ever be less than the current step 3 by this action. The only limited exception to "Y" rating may be found in Appendix B, Skills Based Pay Guidance document.

D. COMPUTATION OF SALARY RANGE

Each salary range consists of five steps (1 through 5). Steps 1 through 4 equal 95% of the next highest step, computed to the nearest one dollar.

Step 4 = 95% of Step 5

Step 3 = 95% of Step 4

Step 2 = 95% of Step 3

Step 1 = 95% of Step 2

Each across-the-board % salary increase shall raise step 5 of range 1 by that %. Step 5 of each successive salary range will be 2.63% above step 5 of the next lower range. After all step 5's of salary ranges have been established, each step 5 shall be rounded off to the nearest \$1.00 and the remaining steps established in accordance with the above formula.

E. SALARY PROVISION FOR THE TERM OF AGREEMENT

The parties agree to a salary increase as set forth below to be effective on the first day of the first full payroll period following the date prescribed for all unit members.

- 2% September 1, 2016
- 2% July 1, 2017

ARTICLE 6 - OVERTIME

A. DEFINITION

Overtime is defined as all hours preauthorized by management and worked by the employee in excess of forty (40) hours worked in a work week.

All paid leave hours shall be counted as hours worked for purposes of calculating overtime to include Vacation, Holiday, Sick Leave and CTO. All overtime shall be authorized by the department head or designee prior to being compensated.

B. COMPENSATION

All overtime as defined in Section A of this Article shall be paid in cash at one and one half (1 1/2) the employee's base rate of pay, plus incentives as defined below in Section D, or in time off (CTO) at the rate of one and one-half (1 1/2) hours for each hour of overtime worked. All overtime shall be compensated to the nearest five (5) minutes worked.

Separate and apart from the City's contractual obligation to pay overtime in accordance with Section A above, the City is obligated to calculate and pay, at a minimum, FLSA overtime based on the federally defined regular rate of pay applicable to members of SLOCEA's bargaining unit.

C. COMPENSATORY TIME OFF (CTO)

An employee eligible for overtime compensation as defined in Section B above may elect compensation in the form of time off (CTO). An employee may not be compensated in CTO for more than sixty (60) hours of overtime worked in the calendar year. Accumulated CTO may be taken through December 31st of each calendar year. Accumulated CTO not taken by midnight December 31st shall be compensated in cash at straight time. Such compensation shall be paid in January of the following year.

D. PAY INCENTIVES TO BE INCLUDED IN THE BASE RATE FOR OVERTIME

- Bilingual Pay
- Safety Committee Pay
- Microsoft Certified Engineer (MSCE) or VMware Certified Professional (VCP) Certifications
- Standby Pay

E. WORK WEEK FOR CALCULATION OF OVERTIME

For all bargaining unit members working a regular 5/40 work schedule or a 4/10 alternative work schedule, the work week for the purpose of calculating overtime as defined in Sections A & B of this Article shall be seven consecutive days, beginning at 12:00 am Thursday and ending at 11:59 pm Wednesday.

For all bargaining unit members working a 9/80 alternative work schedule, the work week for the purpose of calculating overtime as defined in Section A and B of this Article shall be seven consecutive days, beginning exactly four hours into their eight-hour shift on the day of the week which constitutes their alternative regular day off.

ARTICLE 7 - STANDBY

- A. Standby duty is defined as that circumstance which requires an employee so assigned to:
- Be ready to respond immediately to a call for service;
 - Be readily available at all hours by telephone or other agreed-upon communication equipment; and
 - Refrain from activities which might impair his/her assigned duties upon call (including alcohol consumption).
- B. Effective the first full pay period following the adoption of this agreement by City Council, employees will receive forty-five dollars (\$45.00) for each week day, and sixty-five dollars (\$65.00) for each weekend day and holiday of such assignment.
- C. For return to work as part of a standby assignment, as defined above, the City will guarantee either two (2) hours of pay in cash at straight time or pay at time and one half for time actually worked whichever is greater.
- D. The parties agree that employees on standby, as defined above, are "waiting to be engaged."

ARTICLE 8 - CALLBACK

A. DEFINITION

Callback is defined as that circumstance which requires an employee to unexpectedly return to work after the employee has left work at the end of the employee's workshift or workweek;

Except that, an early call-in of up to two (2) hours prior to the scheduled start or a workshift shall not be considered a callback.

B. COMPENSATION

For an unexpected return to work, as defined in A above, the City will guarantee either four (4) hours pay in cash at straight time or pay at time and one-half for time actually worked, whichever is greater.

If an employee who was called back and has completed his/her assignment and left work is again called back to work, he/she will not receive another minimum if the return is within the original minimum.

ARTICLE 9 - WORK OUT-OF-CLASSIFICATION

A. OUT-OF-CLASS ASSIGNMENT

For the purposes of this article, an out-of-class assignment is the full-time performance of all the significant duties of an available, funded position in one classification by an individual in a position in another classification. An employee assigned in writing by management to work out-of-class in a position that is assigned a higher pay range and is vacant pending an examination or is vacant due to an extended sick leave, shall receive five percent (5%), but in no case more than the next higher step of the higher class, in addition to their regular base rate commencing on the eleventh consecutive workday on the out-of-class assignment. Employees assigned as project managers and thereby working out-of-classification shall receive compensation pursuant to this section.

Work out-of-class compensation will be evaluated after six months. Out-of-class compensation will be increased to the first step of the higher classification at least five percent (5%) upon the recommendation of the supervisor and approval of the department head.

B. SEASONAL SUPERVISION

If, in addition to his/her regularly assigned employees, any employee responsible for five (5) or more temporary workers for a period exceeding 10 consecutive work days shall receive additional pay of 5% commencing with the 11th day.

ARTICLE 10 - TEMPORARY ASSIGNMENT

An appointing authority may temporarily assign an employee to a different position for a specific period of time not to exceed 90 days, after which the employee returns to his/her regular duties and position from which he/she was regularly assigned. Such action shall have the prior approval of the Human Resources Director. An appointing authority may assign an employee to a different position for a period of time not to exceed 90 days, provided the employee has received 24 hours written notice which includes reasons for the assignment. Employees who are subject to temporary assignment shall be compensated in accordance to Article 9A.

ARTICLE 11 - BILINGUAL PAY

Employees certified as bilingual in Spanish through a testing process and certified as being required to regularly use their Spanish speaking skills shall receive a bilingual payment of thirty-five (\$35) dollars per pay period. Additional languages may be approved by the City based upon demonstrated need. Regardless of certification and payment, all employees shall use any language skills they possess to the best of their ability.

ARTICLE 12 - INFORMATION TECHNOLOGY CERTIFICATION INCENTIVES

The following classifications are eligible to receive a \$500 monthly stipend for a Microsoft Certified Engineer (MSCE) or VMWARE Certified Professional Certification (VCP):

- Control Systems Administrator
- Network Administrator

ARTICLE 13 - MECHANIC TOOL ALLOWANCE

The following classifications are eligible to receive a tool allowance of \$1,000 per year for tool replacement, tool purchase, and/or tool updates:

- Mechanic Helper
- Heavy Equipment Mechanic

The allowance will be included on the first full pay period in January each calendar year. Eligible employees hired after the annual tool allowance is provided, will receive a prorated tool allowance, based on his/her start date.

ARTICLE 14 - PAYDAY

Payroll will be disbursed on a bi-weekly schedule. Payday will be every other Thursday. This disbursement schedule is predicated upon normal working conditions and is subject to adjustment for cause beyond the City's control. The City will not compel electronic deposits.

ARTICLE 15 - RETIREMENT

A. Employees hired before December 6, 2012

The City agrees to provide the Public Employees' Retirement System's 2.7% at age 55 plan to all eligible employees including the amendments permitting conversion of unused sick leave to additional retirement credit, the 1959 survivor's benefit (4th level), one year final compensation, the Military Service Credit option, and the Pre-Retirement Option 2 Death Benefit.

Effective the first full pay period in January 2014, employees covered by the 2.7% at 55 plan will pay the full eight percent member contribution to PERS.

The employee pays to PERS their contribution; as allowed under Internal Revenue Service Code Section 414 (h) (2) the contribution is made on a pre-tax basis.

B. "Classic Members" hired on or after December 6, 2012

For "Classic Members" hired on or after December 6, 2012, the City will provide the PERS 2% at 60 retirement plan using the highest three year average as final compensation. The second tier formula will include the following amendments: conversion of unused sick leave to additional retirement credit, the 1959 survivor's benefit (4th level), the Military Service Credit option, and the Pre-Retirement Option 2 Death Benefit. Employees hired under this plan will pay the full member contribution required under the plan, presently seven percent (7%). CalPERS determines who is a "classic member" within the meaning of the California Public Employees' Pension Reform Act (PEPRA).

The employee pays to PERS their contribution; as allowed under Internal Revenue Service Code Section 414 (h) (2) the contribution is made on a pre-tax basis.

C. New Members

For all employees who CalPERS determines are “new members” within the meaning of the PEPRA, the City will provide the PERS 2% at 62 retirement plan using the highest three year average as final compensation.

Effective upon their date of hire, new members will pay 50% of the total normal cost of the member contribution, as determined by CalPERS.

The employee pays to PERS their contribution; as allowed under Internal Revenue Service Code Section 414 (h) (2) the contribution is made on a pre-tax basis.

ARTICLE 16 - INSURANCE

A. HEALTH FLEX ALLOWANCE

Employees electing medical coverage in the City’s plans shall receive a health flex allowance, as defined by the Affordable Care Act (“ACA”), and shall purchase such coverage through the City’s Cafeteria Plan. If the health flex allowance is less than the cost of the medical plan, the employee shall have the opportunity to pay the difference between the health flex allowance and the premium cost on a pre-tax basis through the City’s Cafeteria Plan. If the premium cost for medical coverage is less than the health flex allowance, the employee shall not receive any unused health flex in the form of cash or purchase additional benefits under the Cafeteria Plan. Less than full-time employees shall receive a prorated share of the City’s contribution. The 2016 and 2017 monthly health flex allowance amounts are:

Level of Coverage	2016 Rates	2017 Rates
Employee Only	\$ 517.00	\$539.00
Employee Only "Grandfathered" *with no cash back option	\$790.00	\$790.00
Employee Plus One	\$1,023.00	\$1,066.00
Family	\$1,383.00	\$1,442.00

Employees hired prior to September 1, 2008 that are grandfathered in and elect employee only medical coverage will receive the health flex allowance listed above for employee only “grandfathered” coverage. If the premium cost for medical coverage is less than the health flex allowance, the employee shall not receive any unused health flex in the form of cash.

Effective December 2017 (for the January 2018 premium), the City’s total health flex allowance for group medical coverage shall be modified by an amount equal to one-half of the average percentage increase for family coverage in the PERS health plans

available in San Luis Obispo County. For example: if three plans were available and the year-to-year changes were +10%, +15%, and +20% respectively, the City's contribution would be increased by 7.5% ($10\% + 15\% + 20\% \div 3 = 15\% \times 1/2$). The employee only grandfathered amount will not adjust.

City agrees to continue its contribution to the health flex allowance for two (2) pay periods in the event that an employee has exhausted all paid time off due to an employee's catastrophic illness. That is, the employee shall receive regular City health flex allowance for the first two pay periods following the pay period in which the employee's accrued vacation and sick leave balances reach zero (0).

B. PERS HEALTH BENEFIT PROGRAM

The City has elected to participate in the PERS Health Benefit Program. The City shall contribute an equal amount towards the cost of medical coverage under the Public Employee's Medical and Hospital Care Act (PEMHCA) for both active employees and retirees. The City's contribution toward coverage under PEMHCA shall be the statutory minimum contribution amount established by CalPERS on an annual basis. The City's contribution will come out of that amount the City currently contributes to employees as part of the City's Cafeteria Plan. The cost of the City's participation in PERS will not require the City to expend additional funds toward health insurance. In summary, this cost and any increases will be borne by the employees.

Health Insurance Benefits for Domestic Partners

The City has adopted a resolution electing to provide health insurance benefits to domestic partners (Section 22873 of the PEMHCA).

C. CONDITIONAL OPT OUT

Employees who at initial enrollment or during the annual open enrollment period, complete an affidavit and provide proof of other minimum essential coverage for

themselves and their qualified dependents (tax family) that is not a qualified health plan coverage under an exchange/marketplace or an individual plan, will be allowed to waive medical coverage for themselves and their qualified dependents (tax family). The monthly conditional opt-out incentives are:

Opt Out	\$200
“Grandfathered” Opt Out	\$790 (hired before September 1, 2008)

The conditional opt-out incentive shall be paid in cash (taxable income) to the employee. The employee must notify the City within 30 days of the loss of other minimum essential coverage. The conditional opt-out payment shall no longer be payable, if the employee and family members cease to be enrolled in other minimum essential coverage. Employees receiving the conditional opt-out amount will also be assessed \$16.00 per month to be placed in the Retiree Health Insurance Account. This account will be used to fund the City's contribution toward retiree premiums and the City's costs for the Public Employee's Contingency Reserve Fund and the Administrative Costs. However, there is no requirement that these funds be used exclusively for this purpose nor any guarantee that they will be sufficient to fund retiree health costs, although they will be used for negotiated employee benefits.

D. DENTAL AND VISION INSURANCE/DEPENDENT COVERAGE

Effective January 1, 2017, employee participation in the City's dental and vision plans is optional. Employees who elect coverage shall pay the dental and/or eye premium by payroll deductions on a pre-tax basis through the City's Cafeteria Plan.

E. LIFE INSURANCE

Employees shall pay for life insurance coverage of Fifty Thousand Dollars (\$50,000).

F. MEDICAL PLAN REVIEW COMMITTEE

The Association shall appoint two voting representatives to serve on a Medical Plan Review Committee. In addition, the Association may appoint one non-voting representative to provide a wider range of viewpoint for discussion. The vote of each voting representative shall be weighted according to the number of employees represented by the Association.

1. DUTIES AND OBLIGATIONS OF THE MEDICAL PLAN REVIEW COMMITTEE

- a. Review and suggest changes for the City's flexible benefits plan and the insurance plans offered under the MOA;
- b. Submit to the City and its employee associations recommendations on proposed changes for the City's flexible benefits plan and the insurance plans offered under the MOA;
- c. Disseminate information and educate employees about the City's flexible benefits plan and the insurance plans offered under the MOA;
- d. Participate in other related assignments requested by the City and its employee associations.

2. MISCELLANEOUS

- a. The actions of the Medical Plan Review Committee shall not preclude the Association and the City from meeting and conferring.
- b. No recommendation of the Medical Plan Review Committee on matters within the scope of bargaining shall take effect before completion of meet and confer requirements between the City and Association.
- c. If changes to the City's flexible benefits plan or Cafeteria Plan, are subject to meet and confer requirements, the City and the Association agree to meet and confer in good faith.
- d. In performing its duties, the Medical Plan Review Committee may consult independent outside experts. The City shall pay any fees

incurred for this consultation, provided that the City has approved the consultation and fees in advance.

ARTICLE 17 - LONG TERM DISABILITY INSURANCE

A. COVERAGE

All employees shall be covered by Long Term Disability Insurance (LTD).

B. COST OF LTD

The employee shall pay all costs of the program, which the City shall deduct from employees' paychecks.

C. ACCUMULATION OF BENEFITS

Time-in-service and other City benefits will only accrue when an employee is on City-paid time.

D. COORDINATION OF BENEFITS

1. LTD payments shall be coordinated with accumulated paid time so that take home pay will not exceed regular take home pay. Paid time is defined as vacation, sick leave, CTO, and holiday.
2. The coordination of payments will be administered by the City. The employee must take his/her uncashed LTD benefit check to Finance.
 - a. Determination of the use of paid time for coordination of benefits shall be made by the City. Employees on disability leave shall be required to use all accumulated paid time prior to using unpaid time.
 - b. Employees who receive LTD benefits shall receive credit for a portion of the paid leave used to cover their absence. To determine the credit, the amount of their LTD benefit shall be divided by their base hourly rate multiplied by 1.4. The credit shall be prorated if the employee has any non-paid time during the pay period. To receive the credit, the employee must sign his/her LTD benefit check over to the City.

EXAMPLE: Employee uses 80 hours of sick leave.
Employee receives \$384 from LTD.
Employee's hourly rate is \$9.67.

$$1.4 \times \$9.67 = \$13.54$$

$$\$384 / \$13.54 = 28.36 \text{ hours.}$$

The employee receives a credit of 28.36 hours.

E. ACCRUAL OF BENEFITS WHILE ON LTD LEAVE

1. If an employee has no paid time at the beginning of a pay period, the employee shall neither accrue vacation or sick leave, nor shall the employee receive his/her regular City health payment benefit except as provided in #3 below. To continue health insurance, the employee must pay the entire cost of his/her health coverage for that pay period.
2. If an employee has at least sixteen hours of paid time at the beginning of a pay period, the employee shall receive his/her regular vacation and sick leave accruals.
3. If an employee has any paid time at the beginning of a pay period, the employee shall receive his/her regular City health payment benefit for that pay period. For continuance of medical insurance see Insurance, Article 16, Section A.

F. WITHDRAWAL FROM LTD

If this unit chooses to withdraw from LTD after the required two (2) years membership, it must present a majority petition indicating such desire.

- G. In the event SLOCEA obtains an alternative Long Term Disability provider, the City is willing to meet and confer on coordination of benefits.

ARTICLE 18 - HOLIDAYS

The following days of each year are designated as paid holidays:

January 1 - New Year's Day

Third Monday in January - Martin Luther King Jr. Birthday

Third Monday in February - Presidents' Day

Last Monday in May - Memorial Day

July 4 - Independence Day

First Monday in September - Labor Day

November 11 - Veteran's Day

Fourth Thursday in November - Thanksgiving Day

Friday after Thanksgiving

December 25 - Christmas

One-half day before Christmas

One-half day before New Year's Day

Two Floating Holidays

When a holiday falls on a Saturday, the preceding Friday shall be observed. When a holiday falls on a Sunday, the following Monday shall be observed. A holiday shall be defined as eight (8) hours of paid time off for regular full-time employees.

When Christmas or New Year's Holiday falls on a Tuesday or Thursday, the City reserves the right to close non-essential City services and offices on Monday or Friday (the day adjacent to the observed holiday). Essential City services are determined at the discretion of the Department Head. Employees scheduled to work in non-essential functions on the days adjacent to the paid holidays would be required to use appropriate personal leave or take the days as non-pay. The City would notify employees of closure of non-essential City services and offices no later than October 31st of the same year in order to provide employees with ample time to plan accordingly.

Floating holiday accrual: An individual employed on a floating holiday (FH) accrual date shall be credited with eight (8) hours of additional vacation. Use, carry-over, accumulation, etc. of such vacation shall be subject to the same rules and procedures that cover all accrued vacation.

The two floating holidays will be accrued January 1 and July 1.

ARTICLE 19 - SICK LEAVE

- A. Sick leave shall be defined as absence from duty because of illness or off-the-job injury, or exposure to contagious diseases as evidenced by certification from an accepted medical authority.
- B. Rules governing sick leave:
 - 1. Each incumbent of a line-item position shall accrue sick leave with pay at the rate of twelve (12) days or the prorated shift equivalent per year of continuous service.
 - 2. Sick leave may be used after the completion of the month of service in which it was earned.
 - 3. Sick leave shall begin with the first day of illness.
 - 4. Department heads shall be responsible to the City Manager for the uses of sick leave in their departments.
 - 5. A department head shall require written proof of illness from an authorized medical authority at the employee's expense for sick leave use in excess of five (5) consecutive working days by personnel in his/her department. Such proof may be required for periods less than five (5) consecutive working days where there exists an indication of sick leave abuse.
 - 6. Any employee who is absent because of sickness or other physical disability shall notify his/her immediate supervisor or department head as soon as possible but in any event during the first day of absence. Any employee who fails to comply with this provision, without having a valid reason, will be placed on leave of absence without pay during the unexcused absence and be subject to disciplinary action.
 - 7. Any employee absent for an extended illness or other physical disability may be required by the Human Resources Director to have an examination by the City's medical examiner, at City expense, prior to reinstatement to the City service.

8. An appointing authority, subject to approval of the Human Resources Director, may require any employee to be medically examined where reasonable cause exists to believe that an employee has a medical condition which impairs his/her job effectiveness or may endanger the health, safety or welfare of the employee, other employees, or the public. Employees who are judged to be physically incapable of meeting normal requirements of their positions may be placed in a classification of work for which they are suitable when a vacancy exists, or may be separated for physical disability.
9. In the event that an employee's sick leave benefits become exhausted due to illness or exposure to contagious disease, the employee shall revert to a status of leave of absence without pay and be subject to the provisions of the Personnel Rules unless eligible to participate in the City's Catastrophic Leave Policy. For continuation of medical insurance see Insurance, Article 16, Section A.
10. The right to benefits under the sick leave plan shall continue only during the period that the employee is employed by the City. This plan shall not give any employee the right to be retained in the services of the City nor any right of claim to sickness disability benefits after separation from the services of the City. When an employee receives compensation under the Worker's Compensation Act of California, such compensation received shall be considered part of the salary to be paid to the employee eligible for such payments as required by state law. The amount paid by the City shall be the difference between the amount received by the employee from the City's compensation insurance coverage and the eligible employee's regular rate of pay.
11. Notwithstanding anything contained in this section, no employee shall be entitled to receive any payment or other compensation from the City while absent from duty by reason of injuries or disability received as a result of engaging in employment other than employment by the City for monetary gain

or other compensation other than business or activity connected with his/her City employment.

12. Accumulation of sick leave days shall be unlimited.
13. Upon termination of employment by death or retirement, a percentage of the dollar value of the employee's accumulated sick leave will be paid to the employee, or the designated beneficiary or beneficiaries according to the following schedule:
 - (a) Death - 30%
 - (b) Retirement and actual commencement of PERS benefits:
 - (1) After ten years of continuous employment - 10%
 - (2) After fifteen years of continuous employment - 15%
 - (3) After twenty years of continuous employment – 20%
 - (4) After twenty-five years of continuous employment – 25%
 - (5) After thirty years of continuous employment – 30%

ARTICLE 20 - BEREAVEMENT LEAVE

At each employee's option, sick leave may be used to be absent from duty due to the death of an employee's family member as defined in Article 21, Section C, provided such leave as defined in this section shall not exceed five (5) working days (40 hours) for each incident. The employee may be required to submit proof of relative's death before being granted sick leave pay. False information concerning the death or relationship shall be cause for discharge.

ARTICLE 21 - FAMILY LEAVE

- A. An employee may take up to six (6) days (48 hours) of sick leave per year if required to be away from the job to personally care for a member of his/her family.
- B. An employee may take up to seven (7) days (56 hours) of sick leave per year if the family member is part of the employee's household and is hospitalized.
The employee shall submit written verification of such hospitalization.
- C. For purposes of this article, family is defined as spouse/domestic partner, child, brother, sister, parent, parent-in-law, step-parent, step-brother, step-sister, grandparent, or any other relative as defined by Labor Code 233 and/or Assembly Bill 1522.
- D. The amounts shown in A, B, and C above are annual maximums, not maximums per qualifying family member.
- E. In conjunction with existing leave benefits, employees with one year of City service who have worked at least 1250 hours in the last year, may be eligible for up to 12 weeks of Family/Medical Leave within any 12 month period. Family/Medical Leave can be used for:
 - 1. A new child through birth, adoption or foster care (maternal or paternal leave).
 - 2. A seriously ill child, spouse or parent who requires hospitalization or continuing treatment by a physician.
 - 3. Placement of an employee's child for adoption or foster care.
 - 4. A serious health condition which makes the employee unable to perform the functions of his or her position.

This leave shall be in addition to leave available to employees under the existing four month Pregnancy-Disability Leave provided by California law. Paid leave, if used for family leave purposes or personal illness, will be subtracted from the 12 weeks allowed by the Family/Medical Leave Program. Employees must use all available vacation, compensatory time and administrative leave and, if appropriate, sick leave prior to receiving unpaid Family/Medical Leave.

Employees on Family/Medical Leave will continue to receive the City's contribution toward the cost of health insurance premiums. However, employees who receive cash back under the City's Flexible Benefit Plan will not receive that cash during the Family/Medical Leave. Only City group health insurance premiums will be paid by the City.

If an employee does not return to work following Family/Medical leave, the City may collect from the employee the amount paid for health insurance by the City during the leave. There are two exceptions to this rule:

1. The continuation of a serious health condition of the employee or a covered family member prevents the return.
2. Circumstances beyond the employee's control.

Further details on Family/Medical Leaves, are available through the City's "Guide to Family/Leave Program."

ARTICLE 22 - VACATION LEAVE

- A. Each incumbent of a 40 hour a week line-item position shall accrue vacation leave with pay at the rate of 12 days (96 hours) per year of continuous service since the benefit date for the first five years, 15 days (120 hours) per year upon completion of five years, 18 days (144 hours) per year upon completion of ten years, and 20 days (160 hours) upon completion of twenty years.
- B. An incumbent is not eligible to use accrued vacation leave until it has been accrued, and approved as provided below.
- C. A regular employee who leaves the City service shall receive payment for any unused vacation leave.
- D. It is the employee's responsibility to request and use vacation leave in a manner that neither jeopardizes their vacation balance nor the efficiency of the work unit. Vacation schedules must be reviewed by management prior to the scheduled vacation. Vacation schedules will be based upon the needs of the City and then, insofar as possible, upon the wishes of the employee. Management may not deny an employee's vacation request if such denial will result in the loss of vacation accrual by the employee, except that, management may approve a two-month extension of maximum vacation accrual. In no event shall more than one such extension be granted in any calendar year.
- E. Any employee who is on approved vacation leave and becomes eligible for sick leave, as defined in Section 2.36.420 of the Municipal Code, may have such time credited as sick leave under the following conditions:
 - 1. A physician's statement certifying that illness, injury or exposure to contagious disease has occurred is presented to the supervisor upon returning to work.
 - 2. The vacation leave immediately ends and the employee reports to work following the end of sick leave usage. (Ordinance No. 782 - 1978 Series)

- F. Vacation leave shall be accrued as earned through the last pay day in December, up to a maximum of twice the annual rate.
- G. All employees in this unit are eligible, once annually in December, to request payment for up to forty (40) hours of unused vacation leave provided that an employee's overall performance and attendance practices are satisfactory. Employees must have eighty (80) hours of accrued vacation leave to be eligible. Upon request, vacation sellback payments shall be made by separate check.

ARTICLE 23 - WORKERS' COMPENSATION LEAVE

Any employee who is absent from duty because of on-the-job injury in accordance with state workers' compensation law and is not eligible for disability payments under Labor Code Section 4850 shall be paid the difference between his/her base salary and the amount provided by workers' compensation during the first 90 business days of such temporary disability absence. Eligibility for workers' compensation leave requires an open workers' compensation claim.

For continuation of medical insurance see Insurance, Article 16, Section A.

ARTICLE 24 - WORK SCHEDULE

Employees shall be scheduled to work on regular work shifts having regular starting and quitting times. Except for emergencies, employees' work shifts shall not be changed without reasonable prior written notice to the employee and the Human Resources Director. At least 14 days' notice will normally be given, but in no event will less than seven days' notice be given, for an ordered work shift change. Neither callback nor overtime constitutes a change in work shift. All references to accrual of vacation, holiday or sick leave in the Agreement shall be interpreted as one (1) day being equivalent to eight (8) hours.

ARTICLE 25 - PROBATION PERIOD

All new appointments in line-item positions in the classified service shall be subject to a probationary period of one year. Promotions or transfers to line-item positions within the general unit in the classified service shall be subject to a probationary period of six months. The probationary period may be extended or reinstated if further employee evaluation is deemed necessary for up to six months upon the written recommendation of the department head and the written approval of the Human Resources Director.

Employees not successfully passing a promotional or transfer probation or voluntarily requesting to have the promotion rescinded during the first 90 calendar days of the probationary period shall be returned to their previously held position without notice or hearing. If the cause for not passing probation was sufficient grounds for dismissal, the employee shall be subject to dismissal without reinstatement to the lower position. If no vacancy exists, the name of the employee may be placed on a Reemployment List per Article 29, Layoffs, Section B.

ARTICLE 26 – PERFORMANCE EVALUATIONS

All regular full-time employees shall receive an annual written performance evaluation from their supervisor within thirty (30) days of the employee's anniversary date, absent exceptional circumstances. All regular full-time probationary employees shall receive quarterly written performance evaluations within (30) days following the due date from their supervisor, absent exceptional circumstances.

ARTICLE 27 - AMERICANS WITH DISABILITIES ACT

The City and Association acknowledge the passage of the Americans with Disabilities Act. It is agreed that the City shall take all necessary actions to comply with the provisions of this Act. If necessary, sections of this Memorandum of Agreement and/or the City Personnel Rules may be suspended in order to achieve compliance.

ARTICLE 28 - TRANSFER

A. TRANSFER PROCESS

Upon proper notice and concurrence by the City Manager, an employee may be transferred by the appointing authority from one position to another in the same pay range provided he/she possesses the minimum qualifications as determined by the Human Resources Director.

If the transfer involves a change from one department to another, both department heads must consent thereto unless the City Manager orders the transfer for purposes of economy and efficiency.

The employee shall be given five (5) business days' written notice of the transfer including the reason for the change.

ARTICLE 29 - LAYOFFS

LAYOFF PROCEDURE

In accordance with Personnel Rule 2.36.280, the City Council of San Luis Obispo shall determine when and in what position or classifications layoffs are to occur. The Human Resources Director shall be responsible for the implementation of a layoff order of the City Council in accordance with the procedures outlined below:

- A. After determining which job classification within a department shall be laid off, the order of layoffs shall be as follows:
 - 1. Temporary and contract employees, in the order to be determined by the appointing authority;
 - 2. Probationary employees (promotional probation excluded), in the order to be determined by the appointing authority;

For regular employees, layoffs shall be governed by job performance and seniority in service within a particular department and job classification. For the purpose of implementing this provision, job performance categories shall be defined as follows:

Category 1:

Performance that is unsatisfactory, below standard, needs improvement, unacceptable or does not meet minimum standards. Performance defined by this category is evidenced by the employee's two most recent performance evaluations with an overall rating that falls within the lowest two categories of the performance appraisal report.

Category 2:

Performance that is competent, superior, meets expectations, meets performance standards, exceeds performance standards and expectations or is outstanding. Performance defined by this category is evidenced by an employee's two most recent performance evaluations

with an overall rating that falls within the top two or three performance categories of the performance appraisal.

A regular employee being laid off shall be that employee with the least seniority in the particular job classification concerned and in the department involved who is in the lowest job performance category. Employees in Category 1 with the lowest seniority will be laid off first, followed by employees in Category 2. Should the two performance evaluations contain overall ratings that are in the two different Categories as defined above, the third most recent evaluation overall rating shall be used to determine which performance category the City shall use in determining order of layoffs.

- a. In the event two or more employees in the same job classification are in the same job performance category, the employee with the least amount of service with the City shall be laid off first.
- b. Transfer to another department in lieu of layoff is authorized upon approval of the department needs, if there is a vacancy and the employee meets the minimum job requirements.
- c. Regular part time employees shall receive prorated seniority credit.

B. Laid Off Employees on Reemployment List.

The names of employees who have been laid off shall be placed on the appropriate Reemployment List for one year. The recall of employees will be in reverse order of layoff, depending upon City requirements.

Reemployment lists shall be used for filling those classes requiring substantially the same minimum qualifications, duties and responsibilities of the class from which the layoff was made.

C. Appointment of Laid-Off Employees to Vacant Class.

An appointing authority may, with the approval of the department head and the Human Resources Director and in agreement with the employee, appoint an

employee who is to be laid off to a vacancy in a vacant class for which he or she is qualified.

D. Employee reassignments (bumping procedure):

1. Employees who have been promoted during their service with the City may bump back one classification in their career series, or to a position within a classification they formerly held, if there is an employee in the lower previously held classification with less seniority than the employee who wants to bump. Seniority for the purpose of this section shall mean time in the position in the lower classification plus time in other classifications. For example, (1) an employee attempting to bump to Accounting Assistant II from Accounting Assistant III would utilize their combined time as a II and III in determining whether or not they had more seniority than an individual in the II classification. (2) An employee attempting to bump to a Parks Worker II from a Street Painter position would utilize their combined time in each respective position to determine seniority.
2. Reassignment rights may be exercised only once in connection with any one layoff, and shall be exercised within seven (7) calendar days from the date of the notice of the layoff, by written notice from the employee.
3. The bumping right shall be considered exercised by the displacement of another employee with lesser total service or by the acceptance of a vacant position in the class with the same or lower salary.
4. Full time and part time regular employees shall have bumping rights for either full time regular or part time regular positions.
5. Notwithstanding the foregoing, if the City Manager determines that the public interest will not be served by application of the above criteria, the City Manager may depart therefrom on the basis of a clearly demonstrable superiority in performance and/or qualifications.

6. Employees on layoff shall be offered reemployment in the inverse order of layoff, provided no intervening factors have occurred which essentially change the ability of the employee to perform the offered employment.
- E. Employment programs with special requirements will be administered in accordance with appropriate Federal or State guidelines and directives.
- F. The City will notify recognized employee organizations of the effective date of any reduction in force concurrent with the notice to the affected employee(s) pursuant to G, below.
- G. Notice of Layoff to Employees.
An employee to be laid-off shall be notified in writing of the impending action at least thirty (30) calendar days in advance of the effective date of the lay-off. The notice shall include the following information:
 1. Reason for lay-off.
 2. Effective date of layoff.
 3. Employee rights as provided in these rules.
- H. Removal of Names from Reemployment Lists.
The Human Resources Director may remove an employee's name from a reinstatement list if any of the following occur:
 1. The individual indicates that he/she will be unable to return to employment with the City during the life of the list; or
 2. The individual cannot be reached after reasonable efforts have been made to do so. The City shall utilize certified mail when contacting individuals; or
 3. The individual refuses two reemployment offers. Individuals shall have ten (10) days to respond to the offer of reemployment and an additional fourteen (14) days to return to work.
- K. Employee Rights and Responsibilities.
In addition to rights identified herein, employees affected by these procedures shall also have the following rights:

1. Through prior arrangement with his/her immediate supervisor an employee who has been notified of his/her impending layoff shall be granted reasonable time off without loss of pay to participate in a prescheduled interview or test for other employment.
2. An employee who has been laid off shall be paid in full for his/her unused accrued vacation leave on the effective date of the layoff.
3. When an individual is reemployed he/she shall be entitled to:
 - a. Retain his/her seniority date.
 - b. Accrue vacation leave at the same rate at which it was accrued at the time of the layoff.
 - c. Have any unused sick leave reinstated.

An individual reemployed into the job classification from which he/she was laid off shall be assigned to the same salary range and step he/she held at the time of the layoff. An individual reemployed into a job classification other than the classification from which he/she was laid off shall be assigned to the salary range of the new classification at the amount closest to the salary he/she earned at the time of the layoff. An individual reemployed into the classification from which he/she was laid off while still a probationary employee shall complete, upon return to the job, the remaining portion of his/her probationary period, if any, in effect at the time of the layoff. Similarly, an individual who is reemployed shall complete upon return to the job the same work time he/she would have had to work at the time of the layoff to attain a higher vacation leave accrual rate or to become eligible for a salary step increase, if such changes are possible.

ARTICLE 30 - MODIFIED DUTY ASSIGNMENT

If an employee's medical condition temporarily precludes the performance of his/her normal duties and management determines modified work is available and necessary to be performed, he or she may, with medical authorization, be temporarily assigned to such work for a period not to exceed six months. No change in base pay will result unless the duties to be performed are substantially greater or lesser than those normally performed by the employee and the employee's current pay rate is not within the pay range for the temporarily assigned work. In no event shall any employee's current pay rate be reduced more than four (4) ranges at the same step.

ARTICLE 31 - CLASS "A & B" PHYSICALS

The City will pay for costs for physical exams not covered by City insurance policies required for those employees required by the City to hold valid Class "A or B" California drivers licenses.

ARTICLE 32 - UNIFORM AND UNIFORM ALLOWANCE

- A. All employees required to wear City uniforms shall be provided clean uniforms. A uniform includes either one shirt and pants combination or one pair of coveralls.
- B. Uniforms and work shoes shall only be used on City business.
- C. Employees required to wear City uniforms shall only be permitted to wear other clothing for medical reasons upon submission of a letter from the city doctor certifying that the city uniform is injurious to their health. Decisions regarding this paragraph shall be made by the Human Resources Director on a case-by-case basis.

ARTICLE 33 - SAFETY PROGRAM

The City shall continue a compensation program for safety representatives on the basis that each designated safety member shall be compensated at the rate of \$10.00 per month. The description of the duties of a safety committee member shall be designed by the Human Resources Director or his/her designee. The intent of the safety representatives is to assist the Human Resources Director and the overall safety program in reducing accidents by reporting hazardous conditions.

ARTICLE 34 - EMPLOYEE RIGHTS

Employees of the City shall have the right to form, join and participate in the activities of employee organizations of their own choosing for the purpose of representation on all matters of employer-employee relations including but not limited to, wages, hours and other terms and conditions of employment. Employees of the City also shall have the right to refuse to join or participate in the activities of employee organizations and shall have the right to represent themselves individually in their employment relations with the City. No employee shall be interfered with, intimidated, restrained, coerced or discriminated against because of the exercise of these rights.

ARTICLE 35 - GRIEVANCE PROCEDURE

A grievance is defined as an alleged violation, misinterpretation or misapplication of the employer-employee resolution, the Personnel Rules and Regulations, any Memorandum of Agreement, excluding disciplinary matters, or any existing written policy or procedure relating to wages, hours or other terms and conditions of employment excluding disciplinary matters.

Each grievance shall be handled in the following manner:

- A. The employee who is dissatisfied with the response of the immediate supervisor shall discuss the grievance with the supervisor's immediate superior. The employee shall have the right to choose a representative to accompany him/her at each step of the process. If the matter can be resolved at that level to the satisfaction of the employee, the grievance shall be considered terminated.
- B. If still dissatisfied, the employee may submit the grievance in writing to the department head for consideration, stating the facts on which it was based, including the provision of the rules, regulations, or agreement said to be violated, and the proposed remedy. This action must take place within fifteen (15) business days of the response of the supervisor's immediate superior but in no event later than thirty (30) calendar days after the occurrence of the event giving rise to the grievance. The department head shall promptly consider the grievance and render a decision in writing within fifteen (15) business days of receiving the written grievance. If the employee accepts the department head's decision, the grievance shall be considered terminated.
- C. If the employee is dissatisfied with the department head's decision, the employee may immediately submit the grievance in writing to the Human Resources Director within seven (7) business days of receiving the department head's decision. The Human Resources Director shall confer with the employee and the department head and any other interested parties, and shall conduct such other investigations as may be advisable.

D. The results of findings of such conferences and investigations shall be submitted to the City Manager in writing within fifteen (15) business days of receiving the employee's written request. The City Manager will meet with the employee if the employee so desires before rendering a decision with respect to the complaint. The City Manager's decision and reason if denied shall be in writing and given to the employee within twenty (20) business days of receiving the Human Resources Director's results and findings. Such decision shall be final unless employee desires the Personnel Board to review the decision. If such is the case, the employee will have ten (10) business days following receipt of the City Manager's decision to submit a written request to the Personnel Board through the Human Resources Director for a review of the decision. The Personnel Board within thirty (30) business days shall review the record and either (1) issue an advisory opinion to the City Manager; or (2) conduct a hearing on the matter. If a hearing is held, an advisory opinion shall be rendered by the Board within ten (10) business days of the close of such hearing. If an opinion signed by at least three (3) members of the Personnel Board recommends overruling or modifying the City Manager's decision, the City Manager shall comply or appeal this recommendation to the City Council. Such appeal shall be filed with the City Clerk within three (3) business days of the Board's action. If appealed, the City Council shall review the case on the record and render a final decision within thirty (30) business days of submittal.

ARTICLE 36 - REPRESENTATIVE ROLE

- A. Members of any recognized employee organization may, by a reasonable method, select not more than seven (7) employee members of such organization to meet and confer with the Municipal Employee Relations Officer and other management officials (after written certification of such selection is provided by an authorized official of the organization) on subjects within the scope of representation during regular duty or work hours without loss of compensation or other benefits.

The employee organization shall, whenever practicable, submit the name(s) of each employee representative to the Municipal Employee Relations Officer at least two working days in advance of such meeting. Provided further:

- (1) That no employee representative shall leave his or her duty or work station or assignment without specific approval of the department head or other authorized City management official. If employee representatives cannot be released, date of meeting will be rescheduled in accordance with item 2 below.
- (2) That any such meeting is subject to scheduling by City management consistent with operating needs and work schedules. Nothing provided herein, however, shall limit or restrict City management from scheduling such meetings before or after regular duty or work hours.

- B. Association members will donate a total of 300 hours per year (inclusive of any carryover time) of vacation time off to an Association "time bank" under the following guidelines:

(1) Prior to the first full pay period of July each calendar year, the Association Board of Directors shall determine the number of hours remaining in the Association time bank. The Association President shall give notice to Payroll and the number of hours shall be subtracted from the maximum number of time bank hours of 300 hours. The difference between the actual number of hours and the 300-hour maximum will be divided by the number of represented Association employees. Each represented employee shall then

contribute an equal number of vacation hours to be debited by the City to maintain the 300-hour time bank.

a. Only Association officers, directors or bargaining team members may draw from the time bank.

b. Requests to use time from the time bank must be made reasonably in advance of the use. Approval is subject to the operational necessity of the departments and normal time off approval processes.

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ARTICLE 37 - COMMITTEE REPRESENTATION

- A. If the Human Resources Director establishes a committee to study possible changes which will affect significant numbers of employees in the unit in subjects within the scope of representation, and if the Human Resources Director includes unit members on the committee, such committee members shall be designated by the Human Resources Director after consultation with the Association.

This unit shall have the same number of committee members as each other unit has.

- B. Two representatives of the bargaining unit designated by the Association and two representatives of management designated by the City shall meet on an as-needed basis to discuss issues of concern to the parties.

ARTICLE 38 - DUES DEDUCTION/AGENCY SHOP

DUES DEDUCTION

The City shall deduct dues from City employees and remit said dues to the Association on a bi-weekly basis for the duration of this Agreement. These dues shall not include assessments. Bi-weekly dues deduction additions and/or deletions shall be recorded by the City's Finance and Information Technology Director and a notification of all dues transactions shall be sent bi-weekly to the Association Treasurer.

AGENCY SHOP

This Agency Shop provision went into effect following certification of the election results by the State Mediation and Conciliation Services on October 11, 2005. Agency Shop as used in this article means an organizational security agreement as defined in Government Code Section 3502.5 and applicable law.

Each employee in this bargaining unit shall be required to choose one of the following options:

- 1) become a member in good standing of the Association.
- 2) pay to the association an agency fee in an amount which does not exceed the amount that may be lawfully collected under applicable constitutional, statutory and case law. This amount shall be equal to or less than the monthly dues paid by members of the Association during the term of this MOA. Such payments shall be made by payroll deduction. The Association represents that the collection, administration and use of agency fee funds shall be in conformance with the law.
- 3) Pursuant to Government Code Section 3502.5 (c), any employee who is a member of a religious body whose traditional tenets or teachings include objections to joining or supporting employee organizations shall not be required to meet the above agency fee obligations, but shall pay by means of mandatory payroll deduction an amount equal to the agency shop fee to a non-religious, non-labor charitable organization exempt from taxation under Section 501 (c) 3 of the Internal Revenue Code, as designated by the employee.

To qualify for the religious exemption the employee must provide to the Association, with a copy to the City, a written statement of objection, along with verifiable evidence of membership as described above.

New employees must make the required choice within 30 days of employment in the unit. The agency fee shall be automatically deducted for those employees who fail to comply with the agency shop provision within the time limits prescribed.

The Association shall indemnify, defend and hold harmless the City and its officers, employees and agents from and against any and all claims, proceedings, settlements and/or liability regarding the legality of this Article or any action taken or not taken by or on behalf of the City under this Article. The Association will further indemnify the City against any unusual costs in implementing these provisions. The Association shall refund to the City any amount paid to it in error upon presentation of supporting evidence.

ARTICLE 39 - MANAGEMENT RIGHTS

The rights of the City include, but are not limited to, the exclusive right to determine the mission of its constituent departments, commissions and boards; set standards of service; determine the procedures and standards of selection for employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or for other legitimate reasons; maintain the efficiency of governmental operations; determine the methods, means and personnel by which government operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work.

ARTICLE 40 - PEACEFUL PERFORMANCE

If an employee participates in a strike or a concerted work stoppage, the City may apply discipline up to and including discharge. However, nothing herein shall be so construed as to affect the right of any employee to abandon or to resign his employment.

- A. Employee organizations shall not hinder, delay, or interfere, coerce employees of the City to hinder, delay, or interfere with the peaceful performance of City services by strike, concerted work stoppage, cessation of work, slow-down, sit-down, stay-away, or unlawful picketing.
- B. In the event that there occurs any strike, concerted work stoppage, or any other form of interference with or limitation of the peaceful performance of City services prohibited by this article, the City, in addition to any other lawful remedies of disciplinary actions, may by action of the Municipal Employee Relations Officer cancel any or all payroll deductions, prohibit the use of bulletin boards, prohibit the use of City facilities, and withdraw recognition of the employee organization or organizations participating in such actions.
- C. Employees shall not be locked out or prevented by management officials from performing their assigned duties when such employees are willing and able to perform such duties in the customary manner and at a reasonable level of efficiency, provided there is work to perform.

Any decision made under the provisions of the Article may be appealed to the City Council by filing a written Notice of Appeal with the City Clerk, accompanied by a complete statement setting forth all of the facts upon which the appeal is based. Such Notice of Appeal must be filed within ten (10) working days after the affected employee organization first received notice of the decision upon which the complaint is based, or it will be considered closed and not subject to any other appeal.

ARTICLE 41 - FULL AGREEMENT

It is understood this Agreement represents a complete and final understanding on all negotiable issues between the City and the Association. The Agreement supersedes all previous Memoranda of Understanding or Memoranda of Agreement between the City and the Association except as specifically referred to in this Agreement. The parties, for the term of this Agreement, voluntarily and unqualifiedly agree to waive the obligation to negotiate with respect to any practice, subject or matter not specifically referred to or covered in this Agreement even though such practice, subject or matter may not have been within the knowledge of the parties at the time this Agreement was negotiated and signed. In the event any new practice, subject or matter arises during the term of this Agreement and an action is proposed by the City, the Association shall be afforded notice and shall have the right to meet and confer upon request.

ARTICLE 42 - SAVINGS CLAUSE

If any provision of this Agreement should be held invalid by operation of law or by any court of competent jurisdiction, or if compliance with or enforcement of any provision should be restrained by any tribunal, the remainder of this Agreement shall not be affected thereby, and the parties shall enter into a meet and confer session for the sole purpose of arriving at a mutually satisfactory replacement for such provision within a thirty (30) day work period. If no agreement has been reached, the parties agree to invoke the provision of impasse under Section 13 of City Resolution No. 6620.

ARTICLE 43 - AUTHORIZED AGENTS

For the purpose of administering the terms and provisions of this Agreement:

- A. The Association's principal authorized agent shall be the President (address: PO BOX 15004, San Luis Obispo, California 93406: (805) 781-7196).
- B. Management's principal authorized agent shall be the Human Resources Director or his/her duly authorized representative (address: 990 Palm Street, San Luis Obispo, CA 93401-3249; telephone: (805) 781-7250).

ARTICLE 44 - SIGNATURES

Classifications covered by this Agreement and included within this unit are shown in Appendix "A".

This Agreement becomes effective November 15, 2016, as witnessed hereto by the following parties:

CITY OF SAN LUIS OBISPO



Richard Bolanos, City Consultant

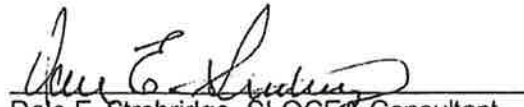


Monica Irons, Human Resources Director

Other City Negotiating Team Members

David Athey
Nickole Sutter

SAN LUIS OBISPO CITY EMPLOYEES'
ASSOCIATION



Dale E. Strobridge, SLOCEA Consultant



Ron Faria, SLOCEA President

Other SLOCEA Negotiating Team Members

Anthony Whipple
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APPENDIX A - CLASSIFICATIONS

The classifications listed below are those classifications represented by the Association and are presented alphabetically which does not illustrate job families nor functional groupings as shown in previous MOA's.

- . Accounting Assistant I
- . Accounting Assistant II
- . Accounting Assistant III
- . Administrative Assistant I
- . Administrative Assistant II
- . Administrative Assistant III
- . Assistant Planner
- Associate Planner
- . Building Inspector I
- . Building Inspector II
- . Code Enforcement Officer I
- . Code Enforcement Officer II
- Code Enforcement Technician I
- Code Enforcement Technician II
- Control Systems Administrator
- Control Systems Technician
- Database Administrator
- Deputy City Clerk
- . Engineer I
- . Engineer II
- . Engineer III
- . Engineering Inspector I
- . Engineering Inspector II
- . Engineering Inspector III
- . Engineering Inspector IV
- . Engineering Technician I
- . Engineering Technician II
- . Engineering Technician III
- Environmental Compliance Inspector
- Facilities Maintenance Technician SBP
- . GIS Specialist I
- . GIS Specialist II
- Golf Maintenance Crew Coordinator
- Heavy Equipment Mechanic
- Information Technology Assistant
- Laboratory Analyst SBP
- . Maintenance Worker I - Parks
- . Maintenance Worker II - Parks

- . Maintenance Worker III - Parks
 - Mechanic Helper
 - Network Administrator
 - Parking Coordinator
 - Parking Enforcement Officer
 - Parking Meter Repair Worker
 - Parks Crew Coordinator
 - Parks Maintenance Specialist SBP
 - . Permit Technician I
 - . Permit Technician II
 - . Planning Technician
 - Plans Examiner
 - Ranger Maintenance Worker
 - Recreation Coordinator
 - Signal and Street Lighting Technician
 - Streets Crew Coordinator
 - Streets Maintenance Operator SBP
 - Supervising Administrative Assistant
 - Supervising Accounting Assistant
 - Sweeper Operator
 - Transit Assistant
 - Transit Coordinator
 - . Transportation Planner-Engineer I
 - . Transportation Planner-Engineer II
 - . Transportation Planner-Engineer III
 - Underground Utilities Locator
 - Urban Forester SBP
 - Utilities Services Technician
 - Wastewater Collection System Operator SBP
 - Water Distribution System Operator SBP
 - Water Resource Recovery Facility Chief Maintenance Technician
 - Water Resource Recovery Facility Chief Operator
 - Water Resource Recovery Facility Maintenance Technician SBP
 - Water Resource Recovery Facility Operator SBP
 - Water Supply Operator SBP
 - Water Treatment Plant Chief Operator
 - Water Treatment Plant Maintenance Technician SBP
 - Water Treatment Plant Operator SBP
- . Denotes positions within a career series



SAN LUIS OBISPO

Skills Based Pay – Guidance Document

Skills Based Pay is a pay/classification system which establishes employee pay and position within a broad pay scale based on the employee's demonstrated knowledge, skills, and abilities as compared to a defined criterion for each position. This is a different pay/classification model than the traditional time-in-grade system.

Benefits of the skills based pay program are:

1. Promotes teamwork and provides incentive for employees to be their best.
2. Allows natural leaders to flourish and individual strengths to surface.
3. Encourages cross-training of employees and sets mandatory skill levels within a classification to ensure a flexible, highly skilled workforce.
4. Eliminates traditional hierarchy of multiple classifications and in lieu, provides a single broad pay and classification range, reducing artificial barriers to career progression.
5. An employee's step within their range will be based on employee's value to the organization as measured by demonstrated knowledge, skills, performance and abilities.
6. Employee progression through the steps in a range occurs at a rate commensurate with their ability.
7. Expectations for personnel are reflected in the Skills Based Pay Criteria.

Employees demonstrating exceptional performance and development, who are able to meet the defined criteria for progression, can progress at a rate faster than one step per year. Conversely, employees unable to demonstrate the required performance, knowledge, skills, and abilities required to progress to the next step as defined in the criteria, will not progress.

Classifications Covered Under Program

Step System	Skills Based Pay	Department	Date started SBP
Building Maintenance Worker I – III & Technician	Facilities Maintenance Technician	Public Works	April 9, 2015
Heavy Equipment Mechanic	Fleet Maintenance Technician	Public Works	N/A
Parks Maintenance Worker I – III	Parks Maintenance Specialist	Public Works	June 30, 2016
Street Maintenance Worker I-III & Heavy Equipment Operator II	Streets Maintenance Operator	Public Works	April 9, 2015
Tree Trimmer I – II	Urban Forester	Public Works	April 9, 2015
Lab Analyst I - II	Laboratory Analyst	Utilities	January 22, 2002

Step System	Skills Based Pay	Department	Date started SBP
Utility Worker I – III WWC	Wastewater Collection System Operator	Utilities	January 22, 2002
Water Service Worker I - III	Water Customer Service Personnel	Utilities	January 22, 2002
Utility Worker I – III Water Dist.	Water Distribution System Operator	Utilities	January 22, 2002
Operator Trainee WRF Operator I - III WRF	Water Resource Recovery Facility Operator	Utilities	January 22, 2002
Water Service Operator I - III	Water Supply Operator	Utilities	January 22, 2002
Operator I – III WTP	Water Treatment Plant Operator	Utilities	January 22, 2002
Maintenance Technician I - II	WRRF/WTP Maintenance Technician	Utilities	January 22, 2002

1. Step Criteria

The evaluation criteria for classifications are broken down into 9 separate steps. Employees must meet all the criteria required of each step, and demonstrate proficiency of each required skill, while continuing to meet all requirements of previous steps achieved.

Step 1 identifies the evaluation criteria expected of an entry level employee. Step 2 and 3 reflect stronger and more closely related experience requirements, as well as increasing knowledge and abilities for the classification. Steps 4 through 6 identify ongoing development and demonstration of skill sets up to the point of development of a highly skilled and competent individual in the work classification who is able to lead work and functioning a very independent manner.

Attaining step 6 is mandatory and employees must demonstrate ongoing and consistent progress toward achieving this step in order to meet expectations. An employee at Step 6 is considered to have reached full journey level. By having staff function at a full journey level (Step 6), a department has the maximum flexibility in the use of its personnel resources to respond effectively, with skilled journey level employees bringing maximum utility to the organization.

The remaining steps 7 through 9 increasingly incorporate the knowledge, skills, performance and abilities of a fully developed, advanced journey level employee, with excellent technical, interpersonal, and professional skills, emphasizing the expectation that all employees be able to function independently, lead teams on projects, and be actively involved in their profession. Attaining steps 7 through 9 is desirable, but not mandatory.

2. Step Placement

Employees are placed at the step in the criteria, in which they have demonstrated the knowledge, skills, and abilities, required for that step and below. Step criteria will be available for employees to review at least fourteen (14) days prior to an Employment Opportunity Program announcement is made or a section or classification is invited to participate in SBP.

For employees working in a classification to be transitioned to the SBP program, each Supervisor will review the criteria individually with staff members, and discuss their placement based on the criteria

requirements. Supervisors will then make placement recommendations based on the criteria. Recommendations will be reviewed by the Division Manager prior to final approval by the Department Director and the Human Resources Director.

New Hires

Newly hired employees shall meet the minimum qualifications as specified in the job description and be placed in the appropriate step of the criteria based on their knowledge, skills, and abilities ascertained through the application and interview process. Placement of new employees above step four in the range requires the approval of the Department Director and the Human Resources Director. Certain City requirements, as identified in the program criteria, will be waived for hiring, but will be required to be completed within the first 12 months of employment in order for the employee to remain at their hired step. Employees failing to meet the requirements may be released from new hire probation, unless there are extenuating circumstances.

Transfers to SBP through the Employment Opportunity Program (EOP)

Employees transferring into SBP from another SBP or Non-SBP classification through their application for an open position and selection by an appointing authority shall meet the minimum qualifications as specified in the job description and shall be placed in the appropriate step of the criteria based on their knowledge, skills, and abilities. If the employee's current salary exceeds that of the pay step that corresponds to the skill step at which they have been placed in the SBP criteria, the employee will be paid the lower salary step based on their SBP step placement. Transfer employees are subject to a probationary period and reinstatement terms as provided in the SLOCEA MOA. Certain City requirements, as identified in the program criteria, will be required to be completed within the first 12 months of transfer in order for the employee to remain at their transferred step.

Transition from Traditional Pay Plan to SBP by Section or Classification/Reclassification

When an entire Section or Classification transitions to SBP, the supervisor will evaluate the skills of each employee and assign them to a skill step in the SBP criteria. If an employee's salary immediately prior to transfer is lower than the salary corresponding to the skill step at which the employee is placed, the employee's salary will be increased to the appropriate pay step. However, if any affected employee's current salary exceeds that of the pay step corresponding to the skill step at which they have been placed in the SBP criteria, the employee will be paid his/her current salary. S/he may receive their existing salary for up to two years until they are able to satisfy the appropriate criteria that meets or exceeds their salary. Employees paid above the step criteria to which they are assigned shall be considered Y rated (not performing up to established job standards due to transfer to SBP). However, these employees shall be eligible to receive cost of living, equity, or other salary adjustments authorized by Council through resolution for up to two years from date of transfer into SBP.

3. Training and Certifications

Supervisors will work closely with employees in identifying individual training needs, and providing work experience and certification programs. Training is a class or activity while certification requires written or hands-on testing. Supervisors are actively involved in employee training, certification, and work rotation for certain tasks and processes among staff. The City will pay for required training and certifications identified in the SBP criteria. Certifications for equipment will be either through available formal outside programs or standardized internal testing. Employees may seek additional training in order to facilitate skills development and progression through the SBP criteria. The City may cover costs for optional training if it is pre-approved.

Any equipment and software lists referenced in the SBP criteria, will be updated regularly to reflect current equipment and software used. When new equipment and software are obtained for the program which requires training and certification, the Supervisor will identify or develop a plan to achieve certification and training. Employees will then be given the opportunity to complete a training and certification program as scheduled by the Supervisor, to maintain their existing step placement or as part of advancement, or, as in some classifications, to meet Federal and State mandated requirements.

4. Performance Evaluations and Step Adjustments

Employee evaluations with development plans will follow current Personnel Rules and Regulations. At the time of review, Supervisors will discuss with the employee what areas of the SBP criteria have been achieved during the previous year, what criteria need to be completed to achieve the next steps, and the status of achieving or maintaining Step 6. This information will be documented in the development plan of the evaluation along with any information on efforts needed to maintain step status.

Employee evaluations are completed quarterly for probationary employees, and at a minimum, completed annually for non-probationary employees. Placement adjustments are recommended by the supervisor and made at the time of the employee's evaluation. Adjustments may include more than one step at each evaluation, depending upon completion of step criteria.

Employees may receive pay adjustments for meeting all criteria associated with the next step, outside of the annual review process for those items of the SBP criteria specifically identified as eligible items in the most recent evaluation development plan, for mid-year adjustment. No additional evaluation is required; however, any such mid-year adjustment must have been clearly identified in the prior appraisal. Employees are responsible to provide any documentation needed for the adjustment to their supervisor.

Employees failing to maintain performance and demonstrate competence through their current placement within a step in a range will be subject to movement to a lower step in accordance with MOA and Personnel Rules and Regulations.

All recommendations made by supervisors for employee step increases shall be subject to review and approval by the department head and Human Resources. Employees wishing to appeal their placement within a step in a range may appeal to the division manager and the department head.

5. Rules and Regulations

All Personnel Rules and Regulations, Memorandum of Agreement (MOA,) and other policies and guidelines of the City and the department shall remain to govern the appropriate conduct of the employee and the organization. Nothing in this program of skills based pay shall supersede the City's authority or the employee's rights under the referenced documents.

6. Program Participation

New classification(s) or section(s) can be identified to transition to Skills Based Pay, by either the City or SLOCEA. Upon mutual agreement the classification(s) or section(s) will be considered to be under a pilot program to evaluate effectiveness. Pilot programs are typically one year in duration, but can be extended to two years at the recommendation of the employees in the affected classification(s) or section(s) as communicated to the City by SLOCEA. At the end of the pilot program, SLOCEA will notify the City that the affected classification(s) or section(s) will either continue in the Skills Based Pay Program or terminate participation.

7. Program Review and Modification

The affected department(s) will assemble a review committee made up of, at minimum, a representative from Human Resources, a representative from each classification, a representative from the SLOCEA Board, and a manager from the department(s), to review in detail all program components, including changes made to criteria, appropriateness, equity of the evaluation criteria, issues with implementation, including perceived inconsistencies, progress in employee development and availability of opportunities, and noted benefits to the City and its employees.

The Committee will meet, at a minimum, every six months during the pilot phase of the program, and annually thereafter, with a goal of timely resolution of issues and ongoing consistency. Recommended changes to the Guidance Document will be subject to the meet and confer process prior to implementation.

The step criteria for each classification will periodically require updating or modification in order to adequately represent changing needs of the organization and the demands of the various positions. Changes in the criteria may be recommended by the affected classification(s), the committee, or management, and reviewed and approved by the Department Head or his/her designate(s) with concurrence of the Human Resources Director.

Human Resources Director Date
Monica Irons

SLOCEA President Date
Ron Faria