

SIDE LETTER TO THE JULY 1, 2022 – JUNE 30, 2025
MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SAN LUIS OBISPO
AND THE SAN LUIS OBISPO CITY EMPLOYEES' ASSOCIATION

The City of San Luis Obispo (hereinafter the "City") and the San Luis Obispo City Employees' Association (hereinafter "SLOCEA"), jointly referred to as the "Parties", agree to the listed terms and conditions of this Side Letter effective July 18, 2024. Except as modified by this Side Letter, all existing terms and conditions of the Memorandum of Understanding (MOU) shall remain unchanged.

Article 6 – Overtime shall be modified as follows:

A. GENERAL PROVISIONS CITY/CONTRACT OVERTIME

Overtime is defined as all hours worked by the employee in excess of forty (40) hours worked in a work week. An employee's failure to have overtime authorized by management may be subject to discipline up to and including termination.

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

~~**B. FLSA/STATUTORY OVERTIME**~~

~~For the purpose of complying with the Fair Labor Standards Act (FLSA) overtime requirements under 29 USC Section 207(a), the City has adopted a dual calculation method whereby it calculates FLSA overtime based on all hours actually worked by overtime eligible employees in excess of 40 hours in the seven-day work period. To the extent the City's dual calculation method determines that FLSA overtime owed for the seven-day work period exceeds the amount of City/Contract overtime paid for in the same seven-day work period, the difference will be paid to the employee by way of an "FLSA Adjustment" in the following City pay period.~~

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~~**E**, 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 which includes cash in lieu in compliance with the *Flores v. City of San Gabriel* applicable to members of SLOCEA's bargaining unit. This calculation will be administered in accordance with Section B above.~~

C. COMPENSATORY TIME OFF (CTO)

An employee who earns City/Contract overtime as defined in Section A above may elect compensation in the form of time off (CTO). An employee may be compensated in CTO and maintain up to sixty (60) hours of CTO in their CTO account during 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 an employee's hourly rate of pay not including any incentives. Such compensation shall be paid in January of the following year.

D. PAY INCENTIVES TO BE INCLUDED IN THE BASE RATE FOR OVERTIME UNDER SECTIONS A AND B ABOVE

- Bilingual Pay

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- Cash in Lieu (in compliance with Flores v. City of San Gabriel)
- Microsoft Certified Engineer (MSCE) or VMware Certified Professional (VCP) Certifications
- Safety Committee Pay
- Standby Pay
- Temporary Assignment Pay
- Work out of Grade 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.

F. OVERTIME DISPUTE RESOLUTION PROCEDURE

The City and the Association acknowledge and agree that they have met and conferred in good faith in accordance with California Government Code Section 3505 over the definition, calculation, and payment of contract overtime as defined in Article 6 ~~Section A above~~.

The City and the Association further acknowledge and agree that the provisions of Article 6 ~~Section A above~~ establishes the full extent of the City's contractual obligations to pay overtime for services rendered within the course and scope of employment by members of the bargaining unit and that to the extent individual claims for statutory overtime under the FLSA ~~Section B above~~ are asserted by or on behalf of any member of the bargaining unit during the term of the MOU, such claims will not present or support a claim for contract overtime under the MOU. ~~The City and the Association further acknowledge and agree that any and all claims for statutory overtime under Section B above are expressly excluded from the grievance procedure set forth in Article 34 of the MOU.~~

The agreed upon, contract overtime language is intended to provide more pay than is required under the FLSA. Under no circumstances shall the contract overtime rate provide less than what is legally required by the FLSA.

~~The City and the Association further acknowledge and agree that they have met and resolved potential issues concerning back overtime related to the Flores vs. City of San Gabriel decision in the 2018-19 Memorandum of Agreement.~~

G. ELIMINATION OF DUAL CALCULATION

The City and the Association agree to eliminate the dual calculation of overtime effective as soon as administratively possible and agree to include cash in lieu into the overtime rate in compliance with the Flores v. City of San Gabriel decision.

Article 16 – Insurance shall be modified as follows:

A. HEALTH FLEX ALLOWANCE

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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 Section 125 Plan “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. In order to be eligible for the health flex allowance in a particular pay period, an employee will need to get paid for more than half of their regularly scheduled hours, unless the employee is on a protected leave. Less than full-time employees shall receive a prorated share of the City’s contribution. Effective the first paycheck in January 2023, the 2023 monthly health flex allowance amount for regular, full-time employees will be reset as outlined below.

Level of Coverage	2022 Monthly Rate	2023 Monthly Rate
Employee Only	\$600	\$613
Employee Only "Legacy" *with no cash back option	\$790	\$790
Employee Plus One	\$1,187	\$1,212
Family	\$1,607	\$1,641

Employees hired prior to September 1, 2008, who elect employee only medical coverage will receive the health flex allowance listed above for employee only “legacy” coverage. If an employee who is receiving Employee Only or Opt Out “legacy” coverage changes their level of coverage, they will be eligible to return to the legacy coverage in a future year. 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 for the 2024 and 2025 premiums, the City’s total health flex allowance for group medical coverage shall be increased by an amount equal to one-half of the average percentage change for family coverage in the PERS health plans available in San Luis Obispo County. In any event, the City’s contribution will not be decreased. For example: if three plans were available and the year-to-year changes were +10%, +20%, and -6% respectively, the City’s contribution would be increased by 4% ($10\% + 20\% + -6\% \div 3 = 8\% \times 1/2$). The employee-only “legacy” amount will not adjust.

The 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 and leave approved under the federal Family and Medical Leave Act (FMLA) and the California Family Rights Act (CFRA), due to an employee's catastrophic illness. That is, the employee shall receive regular City health flex allowance for the first two (2) pay periods following the pay period in which the employee's accrued leave balances reach zero (0) or FMLA/CFRA benefits have been exhausted.

B. PERS HEALTH BENEFIT PROGRAM

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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 Employees' 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**

In order to receive the conditional opt-out incentive, employees will be required to complete an affidavit and provide proof of other minimum essential coverage for themselves and their qualified dependents (tax family) upon initial enrollment and annually thereafter. Employees are required to certify that they are not enrolled in an individual plan or in a medical plan offered under a federal marketplace or a state exchange plan. The monthly conditional opt-out incentives are:

Opt Out \$200

"Legacy" 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 on an unpaid leave of absence, will not be eligible to receive the conditional opt out payment.

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 Employees' 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 vision premium by payroll deductions on a pre-tax basis through the City's Cafeteria Plan.

E. **LIFE INSURANCE AND ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D)**

Employees shall pay for life insurance and Accidental Death and Dismemberment coverage of Fifty Thousand Dollars (\$50,000) through the City's Cafeteria Plan.

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

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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 Cafeteria Plan and the insurance plans offered under the MOU;
 - b. Submit to the City and its employee associations recommendations on proposed changes for the City's Cafeteria Plan and the insurance plans offered under the MOU;
 - c. Disseminate information and educate employees about the City's Cafeteria Plan and the insurance plans offered under the MOU;
 - 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 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.

G. CALPERS MEDICAL ADMINISTRATIVE FEE

Effective as soon as administratively possible, the City will begin paying the CalPERS Medical Administrative Fee.


All terms and conditions of the San Luis Obispo City Employees' Association Memorandum of Understanding not specifically modified herein shall remain in effect for the term of the agreement as specified above.

CITY OF SAN LUIS OBISPO


SAN LUIS OBISPO CITY
EMPLOYEES' ASSOCIATION

DocuSigned by:

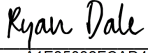

 Whitney McDonald,
 Interim City Manager

DocuSigned by:


 Tracy J. Jones,
 SLOCEA General Counsel

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 Nickole Domini
 Human Resources Director

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 Ryan Dale,
 SLOCEA President