

**SIDE LETTER OF AGREEMENT**

**BETWEEN**

**THE CITY OF SAN BRUNO**

**AND**

**THE SAN BRUNO MANAGEMENT EMPLOYEES ASSOCIATION (SBMEA)**

The representatives from the City of San Bruno and the representatives from the San Bruno Management Employees Association (SBMEA) have met and agreed to the following additional terms and conditions:

**Management Leave:**

The parties agree that there will be no buy-out of management leave during the term of this agreement.

**Health and Welfare:**

Effective the first day of the month immediately following ratification and approval by the City Council of this agreement, the \$130.06 in excess medical contributions currently added to employees' salary will be applied to the current employee share of medical premium costs. The employee contribution to medical premiums shall change to no cost per month for an employee only and to \$29.13 per month for an employee + 1 and an employee + family. Effective October 1, 2009, the City will pay 90% of the medical premium increase for an employee only and 85% of the premium increase for an employee + 1 and employee + family. For the medical plan year beginning October 1, 2009, the City will only contribute up to a maximum increase of \$60 per month for any employee.

SBMEA acknowledges that any increased City cost for their medical premiums will increase the City's General Fund deficit and that this deficit increase has been addressed in the City's comprehensive deficit reduction strategy.

**Budget Reductions:**

The City Manager's Recommended 2009-10 Budget is consistent with the City Council's policy guidance and priority for a balanced budget. The budget outlines a work and expenditure program that continues the community's basic services in the face of severely declining revenues.

The Recommended 2009-10 Budget includes reductions in operational costs in all departments. A furlough is included in the Recommended Budget for all employees in all City departments and is intended to avoid layoffs.

A 2.3% General Salary Reduction equaling 6 days or 48 hours of furlough will begin July 1, 2009 through June 30, 2010. Employees' biweekly salaries will be reduced to reflect the salary reduction beginning with the first full pay period after July 1, 2009. According to CalPERS, a furlough does not impact pay rates for final compensation.

City facilities and operations will be closed one Friday every other month beginning August 2009 through June 2010. The City will notify employees 30 days in advance of the beginning of the furlough schedule.

The parties have discussed alternatives to achieve the savings that need to be realized through a furlough. Although additional furlough hours were discussed, following final evaluation of all available options for balancing the budget, additional furlough hours were determined to be unnecessary and are not part of the 2009-2010 Recommended Budget. It is the City's intent to adhere to this budget plan.

The City retains the right, if required based on further significant reductions in revenue, to amend the budget and implement any and all alternatives necessary to maintain a balanced budget subject to the terms and conditions of the MOU.

This Side Letter of Agreement is in addition to the previous Side Letter dated December 1, 2008 extending the current Memorandum of Understanding (dated February 1, 2008 through January 31, 2009) by one year.

All other terms and conditions in the Memorandum of Understanding will remain the same.

If the foregoing conforms to your understanding and meets with your approval, please indicate your acceptance and approval in the space provided below.

Dated: June 22, 2009

SAN BRUNO MANAGEMENT EMPLOYEES ASSOCIATION (SBMEA):

By: Tenzin Gyaltsen  
Tenzin Gyaltsen, President, SBMEA

CITY OF SAN BRUNO:

By: Connie Jackson  
Connie Jackson, City Manager