

EXHIBIT A

SUPPLEMENT: MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN CITY OF KERMAN AND CITY OF KERMAN MUNICIPAL EMPLOYEES ASSOCIATION (KMEA) BARGAINING UNIT (amends and extension agreement Amended September 16, 2009 through June 30, 2011

CHANGES ARE ONLY RELATED TO THE FOLLOWING AREAS:

This supplement extends the contract period from June 30, 2011 to June 30, 2012

ARTICLE VII - EMPLOYEE BENEFITS

G. Health Insurance: The City Council shall determine the group health and life insurance provider. All employees covered by the Agreement are eligible for coverage. The City's contribution to the selected plan is as follows:

Effective January 1, 2011

- Prescription Co-Pay - \$10 co-pay for generic and \$30 co-pay for brand prescriptions
- Office Visits Co-Pay - \$10 per office co-pay
- Deductible – Add deductible of \$100 (single); \$200 (Employee + 1); \$350 (family)
- Hospital Emergency Room Deductible - \$100 per ER visit – Fee Waived if admitted
- Plan Changes from 90/10 to 80/20 Plan - Employee Dependents out of pocket expenses will increase from 10 to 20%, after deductible is met.

Kaiser Changes - Deductible – Add deductible of \$100 (single); \$200 (Employee + 1); \$350 (family)

All Other Medical Coverage benefits, co-pays and deductibles to remain the same as in effective Nov. 30, 2010.

Individual Employee's coverage for medical, vision, dental and life (\$25,000) insurance per City selected plan shall be paid by City. For employees who select to cover dependents for medical, vision, or dental the employee contribution shall be: Employee contribution shall be limited to 30 of premium difference between individual coverage and selected type (s) of dependent coverage. Employee may select to include premium payment for his/her share of dependent coverage in the City's Section 125 Program for Tax credit purposes

City Manager will set up an employee advisory committee regarding health insurance costs and benefits within 60-days of group representative signing this MOU.

City will establish a three to four person Health Insurance Committee (management representation not include in this number) for the following purposes:

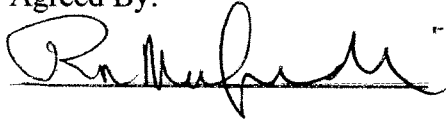
- Input regarding cost reduction and enhancement of services
- Review of utilization & related expenditures
- Recommendations for enhance benefit while simultaneously attempting to reduce costs.
- Informed & Improved understanding and utilization of existing benefits

Committee (3/4 members) will be named by representative labor groups (KPSEA & KMEA) and be in place prior to Feb. 28, 2011.

City Manager will convene first meeting prior to Feb. 28, 2011

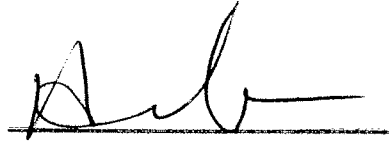
Per this agreement City will not present or change any areas of health coverage until January 1, 2013. It is understood by all parties that any changes at that time are subject to the Meet & Confer process.

Agreed By:



Ron Manfredi, City Manager

Date: 01-31-2011



Humberto Gastelum, President KMEA

Date: 2-1-11

**MEMORANDUM OF UNDERSTANDING (MOU)
BETWEEN CITY OF KERMAN AND CITY OF KERMAN
MISCELLANEOUS EMPLOYEES GROUP**

EFFECTIVE September 16, 2009 THROUGH June 30, 2011

WHEREAS, the City Council of the City of Kerman and the City of Kerman Miscellaneous Employee Group desire to continue promoting systematic and coordinated administration of all matters of employee relations between the City of Kerman and its employees and of protecting the public interest by assuring at all times the orderly and uninterrupted operations and services of City government; both parties agree to enter into this Memorandum of Understanding (*MOU*)

ARTICLE I - INTENT

This Agreement shall define the terms of employment between the City of Kerman and the City of Kerman Miscellaneous Employees and shall be effective per the dates set forth below. Said Agreement shall be binding upon both parties per the approval of the City Council and the following action:

- A. The City Council of the City of Kerman acts by majority vote at a regular meeting to formally approve said Agreement.
- B. The City Council of the City of Kerman enacts any and all amendments to existing laws and regulations of the City necessary to implement this Agreement.
- C. The City Council of the City of Kerman takes that action necessary to annually appropriate the funds required for the implementation of the provisions of this Agreement by adopting an annual fiscal budget reflecting the expenditures provided for herein.

ARTICLE II - DURATION AND SUCCESSOR AGREEMENT

This Agreement shall be effective as of September 16, 2009 continues through June 30, 2011. The provisions of this Agreement shall remain in force until a successor Agreement is accepted by both parties or until the City Council declares, after due and deliberate consideration, meeting and conferring, and compliance with all requirements of then existing valid law, that an impasse has occurred and protection of the public safety and welfare requires the City to adopt new terms and conditions of employment. This agreement is an amended version of the agreement of July 1, 2005 through December 31, 2008.

The City and the Association mutually agree to meet and confer in good faith promptly upon the request of one another, and mutually agree to continue to meet and confer in good faith for a reasonable time in order to exchange freely information, opinions and proposals and to endeavor to reach a mutual agreement on matters within the scope of representation at least one week prior to the last regular Council meeting at which the City's budget must be adopted for the ensuing fiscal year.

Prior to March 1, 2011 parties will begin Meet & Confer sessions regarding considerations of a new MOU effective July 1, 2011.

ARTICLE III - GOVERNING LAWS

- A. The legal relationship between the City, and the employees shall be governed to the extent required by law by the following:
 - 1. Chapter 10 of Division 4, Title 1 of the State of California Government Code Section 3500 et. seq. (Meyers-Milias-Brown Act).
 - 2. Personnel System Rules of the City of Kerman.
 - 3. The Fair Labor Standards Act, Title 29 United States Code, Chapter 8.
- B. All employees shall be governed by all existing Agreements of the City of Kerman except as may be modified by or voided by this Agreement including those Agreements as adopted by the Kerman City Council as the condition of employment or appointment of office. However, if the Personnel System Rules conflict with this agreement, this agreement shall prevail.

ARTICLE IV - CITY RIGHTS

Nothing herein this Agreement shall be construed to restrict any legal or inherent exclusive rights of the City of Kerman with respect to matters of general legislative or managerial policies, which include, but are not limited to the following rights of the City to:

- A. Determine the mission of its constituents, departments, commissions and boards.
- B. Set standards of service or determine the procedures and standards of selection for employment.
- C. Direct its employees and the work of its employees.
- D. Terminate and discipline employees in a lawful manner at the discretion of the City Manager pursuant to the rules of the personnel system.

- E. Relieve or lay-off its employees from duty for periods of time because of lack of work, inclement weather conditions, or for other reasons within the discretion and upon review of the City Council.
- F. Maintain the efficiency of governmental operations; determine the methods, means and personnel by which government operations are to be conducted.
- G. Take all necessary action to carry out its mission in emergencies and exercise complete control and discretion over its organization and the technology of performing its work.
- H. Hire, promote, demote, transfer, assign, and classify employees within the established Personnel guidelines and determine the content or classifications and job titles
- I. Take action as may be necessary to carry out the mission of the agency in emergencies.
- J. Determine the methods, means and personnel by which operations are to be carried on.
- K. Determine its budget, organization merits, and level of any activity or service provided to the public.
- L. The City of Kerman City Council reserves the right and authority to adopt rules and regulations not inconsistent with law which shall be applicable to any and all departments of the City in establishing and enforcing the employees relations plan provided herein:

ARTICLE V EMPLOYEE RIGHTS

- A. Right to Join, Form, and Participate: As provided for by Government Code Section 3500 et. seq.: Employees shall have the right to form, join and participate in the activities of employee organizations of their choosing for the purpose of representation on all matters of employee relations.
- B. Right to Refuse to Join: As provided for pursuant to Government Code Section 3500 et. seq. Employees 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.
- C. Right of Representation: Any employee shall have the right to be represented in their employment relations with the City.
- D. Right to Self-Representation: Any employee shall have the right to appear on his own behalf in his employee relations with the City.
- E. Scope of Representation:

1. The scope of representation shall include matters relating to employment conditions including, but not limited to, wages, hours, and other terms and conditions of employment.

2. Except, however, that the scope of representation shall not include consideration of the merits, necessity, or organization of any service or activity provided by the City or any accommodation for an individual protected under the Americans with Disabilities Act, when such accommodations in compliance with City's Disability Discrimination Policy and Complaint Procedure as adopted on April 7, 1992.

F. Discrimination by City: The City agrees not to interfere with nor discriminate in any way against any employee by reason of his or her membership in employee associations' activities. The City agrees not to intimidate any employee, not to attempt to restrain any employee, not to in any way limit the full and free expression of any employee's rights to participate in lawful activities.

G. Discrimination by Employees: Employees shall not interfere with, intimidate or discriminate in any manner against any employee by reason of his/her choice not to belong or be a member of any association or partake in the activities thereof.

H. The provisions of this Agreement shall be applied equally to all employees without favor or discrimination because of race, color, sex, age, national origin, or political or religious opinions or affiliations.

I. At Will Employees: All employees shall be hired or terminated at the discretion of the City Manager pursuant to the rules of the personnel system. Nothing in this Agreement shall be construed to infer that any City employee has any tenure or vested rights to employment with the City of Kerman.

J. Other Employees Any form of part-time, temporary, seasonal, provisional or special circumstance employees are excluded from this Agreement.

ARTICLE VI - WORK WEEK, WORK PERIOD AND WORK SCHEDULE

A. DEFINITIONS:

1. REGULAR WORK WEEK - The City workweek shall be defined as 40 hours of work during a seven (7) day calendar week but subject to call at anytime. All City employees are subject to this work week except those exempt from the Fair Labor Standards Act. It is agreed that the Senior Accountant, *Building Official & PW Operational Coordinator and Water Dist/Supply & WW Mgr* are an exempt position for the purpose of overtime etc.)
2. WORK PERIOD - Is defined by a the payroll period below The City work period shall be defined as 40 hours of work in a seven (7) day period, but subject to call at any time.

3. TIME FRAME – A calendar week begins at 12:00 am on Sunday and ends at 11:59p.m. on the following Saturday evening. The Work Period is a consecutive 14 day period beginning concurrently with one calendar week and ending concurrently with the next calendar week following.

B. OVERTIME: DEFINITIONS

1. For those employees governed by the Fair Labor Standards Act, overtime eligibility shall be determined and compensated in the following manner:
 - a) Hours worked contiguous with regular work day when those hours actually worked are over 40 hours for the “regular assigned work week”. Hours worked will include regularly scheduled vacation time and holidays. However, sick leave and compensation time taken will not be calculated as hours worked for the purpose of overtime eligibility.

Hours worked beyond the scheduled eight (8) hours workday that occur only during weekends, holidays and call back.

Such time shall be at time and one half compensation of base salary (as defined by the Fair Labor Standards Act). Public Works employees will be paid overtime (no option for compensatory time), Other employees *in-group* have the option of earning compensation time or paid time at time and one-half.

Overtime shall be compensated at the rate of time-and-one-half except for Sundays or City holidays when overtime shall be compensated at double time. Sunday overtime work shall not be compensated at double time if the same falls within the regular workweek schedule of an employee.

2. AUTHORIZATION: the applicable Department Head, or his representative shall approve all overtime prior to working such overtime hours.

3. COMPENSATORY TIME CARRY OVER:

A. Eligible employees may not carry more than of 40 hours of compensatory time from one fiscal year to the next.

4. STAND BY POLICY AND PAY

A. Standby Definition: Stand By is defined as that period of time during which an employee is required to be available and on call for “call out” purposes. This period of time shall be in addition to the employee’s normal workday. Employees who are designed by the department head to be on Standby shall be compensated in accordance with the following:

1. Mondays – Saturdays 1.5 hours straight time for each 16 hour “ON-Call” standby shift (for the period of time from the end of the regular shift to the beginning of the next regular shift (approximately 16 hours but not to exceed 20 hours).
2. Sundays and City Holidays 1.5 hours over time (one & one-half pay) for each standby shift on non-work days. This applies only to Sundays & City Holidays.
3. Two (2) hours Straight time for 16-hour Shift if employee covers both Stand-By responsibilities. City’s goal is to have one employee cover Stand-By (for both SCADA & Regular Stand-BY). If two (2) employees cover, the pay will be 1.5 hr. each (see (1) above)
4. **Double Time** is applicable for all employees called out on **holiday and Sundays** but not those regularly scheduled to work a regular shift. Stand-By employee is eligible for double time but not guaranteed 2-hrs.
5. **Overtime Pay** (Saturdays) for Stand-By Employee – Employee will work regular 40 hr. week and regular shift on Friday (unless scheduled for a work week that includes weekend). Additional weekend work (whenever weekend is scheduled) will be @ time & ½ on Saturdays and double time on Sundays. City will determine work week. With 48 hours notice City may change work hours (In emergencies no notice required).

- B. **Standby Standards & Requirements:** City will determine level of coverage for Stand-By Policy. Employee shall be available at all times when on Stand-By and within 20 minutes (normal driving time) of City Corporation Yard. Employee will be required to carry a pager and maintain phone contact. Employee will be required to take a City vehicle home the evenings assigned on standby. Employee may use the vehicle for personal use within the 20-minute response range subject to approval by the Public Works Dir & City Manager The vehicle will not leave the 20-minute response area. The employee will observe all City driving conduct and safety rules as if on the job while utilizing the city vehicle. No other passengers will be allowed in vehicle other than on duty City employees.

An employee, on standby, who cannot be reached, is unavailable, or does not report to the work site, is subject to the same disciplinary action as an unexcused absence from work. In addition, standby pay for the entire week could be deducted.

- C. **Standby Call Back:** Employee on Standby will be paid for call-back “actual time” at time and one-half pay (there is no guarantee of two hours, overtime pay).
- D. **Other Call Outs:** Employee called back to duty and not on Standby will receive minimum of two hours pay, at time and one half, when overtime provisions apply (see above for Sunday and Holidays). Subject to standards established by the Public Works Dir. the employee on Stand-by is authorized to call-out another qualified employee when the work requires additional help.

ARTICLE VII - EMPLOYEE BENEFITS

A. Mileage: No City employee shall use their privately owned automobile for City business during the course of their employment without the prior approval of the City Manager. Employee must demonstrate proof of auto liability insurance prior to such approval. In the event an employee *has* received approval to use their privately owned automobile for City business during the course of their employment, and meet the minimum requirements established in the Personnel System Rules, said employee shall be compensated at the rate standard IRS rate per mile.

B. Education Reimbursement: Any employee desiring special training within his City vocation shall be reimbursed for the tuition expense thereof provided that said employee shall receive the prior approval therefore from the City Manager and shall complete the training course with a minimum grade of "C" or its equivalent. Any veteran's allowance or other education benefit payable to said employee with respect thereto shall be deducted from this reimbursement. In the event any employee receiving such reimbursement resigns his position, all reimbursement for tuition expenses paid to said employee within the past 12 months shall be returned to the City and/or withheld from the final check.

B. Holidays: Employees are eligible for a maximum of 88 hours of paid holiday time. When a holiday falls on a Sunday, the following Monday will be observed as the holiday. When a holiday falls on a Saturday, the preceding Friday will be observed as the holiday. Any employee whose regular assignment requires work on a holiday shall receive compensatory pay at straight time equal to the number of hours worked. Likewise, when the holiday falls on the employee's regularly scheduled day off, they shall receive one day of compensatory pay. The City Manager or the applicable Department Head may on occasion assign certain employees to work on a designated holiday. When this occurs the employee shall receive one hour of paid time for each hour worked on the designated holiday, unless the assigned worked hours is overtime, in which case the holiday overtime rules apply.

The City provides a maximum total of 88 hours paid holiday time per calendar year. This equals to (10) ten regular 8-hour workdays and two (2) 1/2 days or four (4) work hours each.

The current agreed upon days recognized as holidays are:

1. New Years Day, January 1
2. Martin Luther King Day, Third Monday in January
3. Washington's Birthday, Third Monday in February
4. Four (4) hours, Friday afternoon prior to Easter Sunday
5. Memorial Day, Fourth Monday in May
6. Independence Day, July 4
7. Labor Day, First Monday in September
8. Veterans Day, November 11
9. Thanksgiving Day, Fourth Thursday in November
10. Day After Thanksgiving Day

11. Four (4) Hours- Christmas Eve Day, December 24
12. Christmas Day, December 25

Any days declared by the State or Federal government as national/state holidays may be recognized as eligible holidays only if the total holiday time in one calendar year does not exceed 88 hours. If such cases occur, the appropriate employee recognized representative or agent may meet and confer with City Manager to select the day(s) to exchange in order that total does not exceed 88 hours/calendar year.

D. Vacation: Employees earn vacation hours per outline in next paragraph.
Vacation Earned: All vacation time shall be earned and credited to the employee on a monthly basis. Miscellaneous employees covered by this Agreement shall earn annual vacation per the following:

- a). Up to and including five years of service – ten (10) working days. Mid-Management 15 days
- b). Six years through fifteen years of service - fifteen (15) working days. Mid-Management 20 days
- c). Sixteen years of service or more - twenty (20) working days. Mid-Management 25 days

Vacation Carryover Allowances

An employee may accrue no more than the maximum vacation hours shown in the following schedule as of his or her anniversary date:

- | | |
|----------------------|-----------|
| (a) 1-5 years | 112 hours |
| (b) 6-15 years | 150 hours |
| (c) 16 or more years | 200 hours |

The above schedule is applicable only to completed years of full time regular service.

Partial years, or part time service, or types of employment other than full time regular service will not be considered in calculating maximum vacation hours.

- When maximum vacation hours have been accrued, no additional vacation hours will be earned until the accrued hours have been reduced below the allowed maximum. The employee will not be given retroactive credit for any period of time when vacation did not accrue. **This will require a 12 to 18 month phase in period.**

An employee may make a written request for permission to accrue hours in excess of the maximum to permit a scheduled surgery, extended vacation or leave, or other extraordinary

circumstance. Such requests may be granted only if the City Manager determine that such accrual will not have a detrimental effect upon the operations of the City

E Sick Leave: Sick Leave is earned at the rate of 6.66 hour per service month or 10 days per year. Rules regarding the use of sick leave are contained with the City of Kerman Personnel Rules and Regulations.

Upon termination, sick leave earned will be paid to the employee based upon the following schedule:

- a. Employee must complete -five (5) years of employment prior to any sick leave cash-out eligibility.
- b. Employee serves total of - 6 to-15 years cash-out - 40% of sick leave hours at up to date rate of pay.
- c. Employee retires or terminates after - 16 to -20 years of service - 75% cash-out.
- d. Employee retires or terminates after 20 years of service - - 90% cash-out.
- e. *Sick Leave Cash out is available only as set forth above. The former Annual Sick Leave Cash Out policy has been eliminated.*

F. Personal Leave: Each employee is entitled to *one (1)* day of personal leave each fiscal year. . This does not accumulate from year to year.

G. Health Insurance: The City Council shall determine the group health and life insurance provider. All employees covered by the Agreement are eligible for coverage. The City's contribution to the selected plan is as follows:

Individual Employee's coverage for medical, vision, dental and life (\$25,000) insurance per City selected plan shall be paid by City. For employees who select to cover dependents for medical, vision, or dental the employee contribution shall be: Employee contribution shall be limited to 25% of total premium for selected type (s) of dependent coverage. Employee may select to include premium payment for his/her share of dependent coverage in the City's Section 125 Program for Tax credit purposes. City will explore Orthodontics coverage in health plan. However, if available, any costs associated in such an upgrade of plan will be the entire responsibility of the employee.

City Manager will set up an employee advisory committee regarding health insurance costs and benefits within 60-days of group representative signing this MOU.

1. Cash for Termination of Health Insurance Coverage – If employee provides satisfactory evidence of health insurance coverage from another source and elects to drop all City-provided Health Insurance, City will pay employee as compensation an additional \$100/month. As permitted by the Insurer, employee may elect to re-enter the City's Health Insurance to obtain insurance for employee and eligible family members.

2. Life Insurance Optional Increase – If permitted by the insurance plan, employee may elect to pay additional premiums to obtain additional life insurance coverage.

H. Bereavement Leave: Employees are eligible for up to three (3) days of bereavement leave per guidelines established in the City's Personnel System Rules. In case of out-of-state travel the City will allow up to two additional days (employee's sick leave will not be charged for -bereavement leave used).

I. Retirement: -Per majority vote of the combined Miscellaneous Group, Management & Police Dept. non-sworn personnel, City will contract with CalPers for the following Plan:

PERS Miscellaneous Plan @5 @ 60 Modified Formula, 0 % Prior Service:

- a. Limited prior service to Member Employed on Contract Date
- b. Credit for used sick leave
- c. Military Service Credit as public service
- d. Public service credit for limited prior service with 0% prior service credit

Cost Share contributions and Other provisions of the switch to CalPers:

City will pay the CalPers Employee Contribution, except that **One (1) % contribution of the current 7% CALPERS Employee contribution shall be paid by employee. This payroll deduction will continue until June 30, 2011.** On July 1, 2011 the City will resume the full 7% Employee contribution payment.

J. Long Term Disability (LTD) Plan: City will provide a LTD plan for all employees covered by Health Plan in group. The cost of the plan per employee will be split equally between the City & employee through payroll deduction. The premium rate is base upon \$100 per payroll of the covered individual. City will select the Plan carrier. Benefits are as outlined in Exhibit

K. Certification – *When City requires a specialized certificate not already held by the employee, Certification Pay will apply. This pay will be at a minimum of 1% over base pay and not exceed 2.5% unless otherwise negotiated.*

L. Personnel Rules & Regulations –The following terms supercede language in the City of Kerman Personnel Rules and Regulations regarding the same subjects: City and group agree that Permanent status employee (successfully passes probationary period) has right to *appeal termination to City Council*. Disciplinary action recommended by Department Head, with three working days loss of pay or equivalent, may be appealed to City Manager only and not to City Council. Discipline beyond three working days may be appealed to the City Manager and if desired by employee to the City Council.

ARTICLE VIII SALARIES

The Salary chart effective July 1, 2009 and attached hereto as Exhibit ____ shall be effective unless otherwise amended by the City Council. No Cost of Living Adjustments ("COLA") shall be operative during the term of this agreement

ARTICLE IX LONGEVITY PAY

Employees hired after July 1, 1996 are not eligible for this benefit.

- a. Two steps: 1) 15yrs. service; 2) 25yrs of service (2.5%) of continuous service unless otherwise noted below.
- b. Effective July 1, 2005 all employee with minimum of 17/yrs. continuous, fulltime service as of July 1, 2005 are eligible for 2.5% salary increase on anniversary date per positive evaluation. These employees will be eligible for their 2nd, 2.5% longevity increase upon reaching their 25th year of service but must wait a minimum of 5 yrs. regardless of time served.
Example: Employee with 17yrs. will wait for 8yrs. An employee with 20yrs. will wait for 5 yrs. However, an employee who already has 23 or 25 yrs service is still not eligible for 2nd, 2.5% incentive for five (5) more years.
- c. Effective July 1, 2006 –other employees who have attained 15, 16 or 17 yrs. of service before June 30, 2006 will be eligible for 1st, 2.5% increase as follows:
 1. 15 or more yrs. continuous full-time service
 2. Must receive satisfactory evaluation
 3. Must be frozen @ top Step "G" for 2yrs. i.e. if any salary adjustment, except for COLA is given, employee is not eligible for longevity service increase.
 4. Next eligibility 2.5% at 25 yrs. of service, per same criteria as above.
 5. Thereafter all employees are eligible per conditions of items 1 to 4 above.

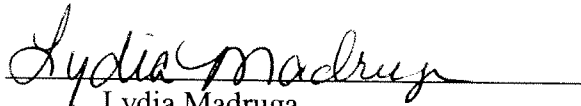
ARTICLE X. GENERAL PROVISIONS

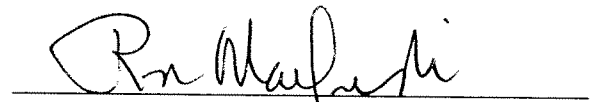
- A. Nothing in this Agreement shall abrogate any portion of any existing Agreement hiring or appointing or establishing conditions of employment for the employees of the City of Kerman. However, when in conflict this Agreement supersedes the City of Kerman Personnel System Rules.

- B. Nothing in this Agreement shall be construed to deny any person or employee the rights granted by Federal and State law and/or City ordinances. The provisions of this Agreement shall be subject to all current and future applicable Federal and State laws and existing City ordinances, rules and regulations.
- C. The rights, powers and authority of the City Council in all matters, including the right to maintain any legal action, shall not be modified or restricted by this Agreement.
- D. The enactment of this Agreement shall not be construed as making the provisions of Section 923 of the California labor Code applicable to employees of the City.
- E. The provisions of this Agreement are not intended to conflict with the provisions of Chapter 10, Division 4, Title 1 of the Government Code of the State of California (Sections 3500 et. seq.) as amended.

ARTICLE XI.- SEPARABILITY

If any provisions of this Agreement, or the application of such provisions to any person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to person or circumstances other than those as to which it is held invalid, shall not be affected thereby.


Lydia Madruga


RON MANFREDI, CITY MANAGER

REPRESENTATIVES MISCELLANEOUS EMPLOYEES GROUP

DATE: 11/19/09