SIDE LETTER AGREEMENT
BETWEEN
THE CITY OF SAN BRUNO
AND TEAMSTERS LOCAL 350
(MID MANAGEMENT UNIT)

The terms and provisions of the MOU and the Side Letter Agreement between the City of San Bruno and the Teamsters Local 350 (Mid Management Unit) with the term February 1, 2009 to January 31, 2010 will continue in effect except that the Term, Management Leave, Salary Survey, Health Benefits, and Budget Reduction sections of the Side Letter Agreement shall be modified as follows:

Term: February 1, 2010 to June 30, 2012.

Management Leave: During the term of the agreement, there will be no buy out of management leave. During the period of February 1, 2010 to June 29, 2012 only, employees accruing management leave may accumulate up to a maximum of 240 hours, and on June 30, 2012, maximum accumulation of management leave will be twice the annual accrual rate per the terms of the February 1, 2009 to January 31, 2010 Side Letter Agreement and as outlined in Section 17.4 (c) Management Leave of the MOU.

Salary Survey: For information purposes, the City will perform a salary survey based on data effective January 1, 2012, and completed by February 28, 2012.

Health Benefits: An employee only (no dependents) currently pays $1.50 toward the cost of the monthly medical premium and the employee +1 or employee + family currently pays $31.38.

Effective October 1, 2010 and October 1, 2011, the City will pay 90% of the medical premium increase for an employee only and 85% of the premium increase for the employee +1 and an employee + family. For each of the medical plan years beginning October 1, 2010 and October 1, 2011, the City's share of the medical premium increases will be no more than $60 per month per employee. Employees will be responsible for their share of the medical premium increase and for any increase above the $60 cap. The Mid Management Unit acknowledges that any increased City cost for their medical premiums will increase the City's General Fund deficit and this deficit increase will need to be addressed in the City's comprehensive deficit reduction strategy.

If the City agrees to pay for medical increases for another bargaining unit without a corresponding offsetting cost reduction, the Mid Management Bargaining Unit shall have their furlough hours reduced in a corresponding amount.

Budget Reductions: A 3.08% general salary reduction, equaling 8 days or 64 hours of furlough, will begin July 1, 2010 through June 30, 2011. Employees' biweekly salaries will be reduced to reflect the salary reduction beginning with the first full pay period after July 1, 2010.

A general salary reduction equivalent to an additional 2 days (16 hours) in addition to the annual amount in effect on January 1, 2011 will begin July 1, 2011 through June 30, 2012. This will total no more than a 3.85% salary reduction or the equivalent of 10 furlough days. Employees' biweekly salaries will be reduced to reflect the salary reduction beginning with the first full pay period after July 1, 2011.

According to CalPERS, a furlough does not impact pay rates for final compensation. Leave accruals will not be affected by the furlough.

Refusal of a safety bargaining unit to accept furlough will not affect a non-safety bargaining unit.

In each year of the agreement, if the City's share of the medical premium cost increase is lower than the City paid $60 cap, furlough time will be reduced in hourly increments effective October 1, 2010 and October 1, 2011. For every $3.75 that the City share of the actual medical premium increase is less than the $60 cap, the furlough will be reduced by 1 hour. The dollar amount used to calculate the reduction will be rounded to the nearest $3.75 increment starting with the $60 cap and moving toward $0 in $3.75 increments. For any furlough reduction that results in less than a full 8 hour furlough day, those hours will be added to a special furlough bank to be used during the fiscal year in which they were accrued and in accordance with department vacation leave policy.

The first full pay period after October 1 of each year, the general salary reduction percentage for the fiscal year will be re-calculated based on the actual total furlough hours to be taken during the fiscal year.

City facilities and operations will be closed 6 days to be scheduled evenly throughout the year. The City will notify employees of the furlough schedule each fiscal year 30 days in advance of the first scheduled furlough day. The City may schedule the balance of the remaining yearly furlough time that amounts to full day increments between the Christmas and New Year holidays with 60 days advance notice to employees. Any remaining unscheduled furlough time will be added to a special furlough bank to be used during the fiscal year in which the hours are accrued and in accordance with department vacation leave policy.

Those employees who are required to work on a scheduled City furlough day, will be allowed to schedule that time off in accordance with department vacation leave policy.

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.

Connie Jackson 8-6-10

Connie Jackson — Date
City Manager
City of San Bruno

8/12/10

Peter Finn — Date
Teamsters, Local 856
Miscellaneous Bargaining Unit