

CITY OF CORONA

SIDE LETTER OF AGREEMENT MODIFYING THE 2007-2017 MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CORONA AND THE CORONA FIREFIGHTERS ASSOCIATION IAFF LOCAL 3757

1. PARTIES AND DATE.

This Side Letter of Agreement (“Side Letter”) is entered into this 21st day of June 2017, by and between the City of Corona, a municipal corporation organized under the laws of the State of California with its principal place of business at 400 South Vicentia Avenue, Corona, California 92882 (“City”), and Corona Firefighters Association IAFF Local 3757, a recognized employee organization (“CFA”). City and CFA are sometimes individually referred to as “Party” and collectively as “Parties” in this Side Letter.

2. RECITALS.

2.1 City and CFA entered in a Memorandum of Understanding effective July 1, 2007 through June 30, 2017 (“MOU”).

2.2 Article XVII of the MOU memorializes the Parties intent to maintain the MOU as a living document and authorizes the Parties to revise the MOU during the term of the MOU.

2.3 After meeting and conferring in good faith, the City and CFA desire to modify certain terms and conditions of the MOU as set forth in this Side Letter.

2.4 This Side Letter shall be in effect following City Council approval.

3. TERMS.

3.1 Section 4.2 – Deferred Compensation. Section 4.2 (Deferred Compensation) of Article IV (Benefits) of the MOU is hereby deleted in its entirety and replaced with the following:

“Section 4.2 – Deferred Compensation:

- A. Members hired after July 1, 2000, shall receive an annual payment of \$5,000.00, paid in quarterly installments of \$1,250.00, directed to the Retirement Healthcare Savings Account of the employee’s choice (either ICMA or Nationwide Retirement Solutions).

B. Association members may take out loans against their Deferred Compensation account subject to the following terms and conditions:

- Loans shall be made pursuant to a written, enforceable loan agreement.
- Loans shall be available for all purposes. Loans shall not exceed the lesser of (i) \$50,000, or (ii) the greater of 1/2 of the employee's account balance or \$10,000. The minimum loan amount available shall be \$1,000.00.
- Employees may receive one loan per calendar year and may have only one outstanding loan at a time.
- Loans shall be repaid in substantially equal installments of principal and interest, at least quarterly, over no more than 5 years; provided that loans for a principal residence shall be repaid in substantially equal installments of principal and interest, at least monthly, over no more than 15 years. The City may, in its discretion, suspend the loan repayment period for up to one year for an employee on a leave of absence.
- Loans shall be made at a reasonable interest rate.
- Employees shall repay loans directly to the employee's deferred compensation plan provider. Loans will be in default if any payment is not made within 60 days of the date it is due or as otherwise provided in the loan agreement.
- If there is a default or the loan does not meet the requirements outlined above, the outstanding loan balance will be reported as a taxable distribution in addition to the amount of cash distributed from the plan, and may be subject to additional taxes for early withdrawal.

Arrangements for such loans must be initiated by the employee and made directly with their deferred compensation plan provider.

C. At the end of each quarter, the City shall deposit into the deferred compensation plan account of any Battalion Chief or Deputy Fire Chief hired by the City prior to July 1, 2000 an amount equal to that deposited by the employee, not to exceed nineteen hundred dollars (\$1,900.00) per year. The match shall be applied to a single provider selected by the employee."

3.2 Section 7.2.5 – Maximum Accumulation of Annual Leave. Section 7.2.5 (Maximum Accumulation of Annual Leave) of Article VII (Leaves) of the MOU is hereby deleted in its entirety and replaced with the following:

“7.2.5 – Maximum Accumulation of Annual Leave:

As of December 31 of each year an employee shall be allowed a maximum number of hours in his or her Annual Leave account as outlined below.

| <u>Work Schedule</u> | <u>Maximum Annual Leave Account Balance</u> |
|----------------------|---|
| 56-Hour Assignment | 1125 Hours |
| 40-Hour Assignment | 730 Hours |

The dollar value of any excess Annual Leave remaining in an employee’s account at the end of each calendar year shall be contributed to the Retirement Healthcare Savings Account of the employee’s choice (either ICMA or National Deferred).”

3.3 Section 7.2.6 –Annual Leave Usage. Section 7.2.6 (Annual Leave Usage) of Article VII (Leaves) of the MOU is hereby deleted in its entirety and replaced with the following:

“7.2.6 – Annual Leave Usage:

The Fire Chief is responsible for arranging leave schedules so that adequate personnel are available to carry on necessary work.

When practicable, employees should be permitted to schedule Annual Leave at times most acceptable to the employee. The use of such time should be arranged according to seniority or some other equitable method.

The minimum Annual Leave to be taken each year by Association members is outlined below:

| <u>Work Schedule</u> | <u>Minimum Annual Leave To Be Taken</u> |
|----------------------|---|
| 56-Hour Assignment | 96 Hours |
| 40-Hour Assignment | 40 Hours |

For members on 56-hour assignments, the 96 hours of Annual Leave shall be covered utilizing the “buddy system” of Annual Leave opposites. For employees on a 40-hour assignment, the minimum

Annual Leave is to be taken each year unless a deferral is authorized by the Fire Chief.

Employees desiring to use Annual Leave Time, which has not been previously scheduled, for illness or family emergency, shall report to the department to obtain authorization for the absence. The Fire Chief or designate may require the employee to furnish satisfactory evidence justifying any such request.

Medical examination by the City's examining physician may be requested by the Fire Chief, with the approval of the Human Resources Department after prolonged, serious or repetitious illness, injury or major surgery. An employee's return to duty following illness or injury is subject to the approval of the Human Resources Department based upon medical information supplied by the employee's physician and/or the City's examining physician."

3.4 Section 7.2.8 – Annual Leave – Separation from the City. Section 7.2.8 (Annual Leave – Separation from the City) of Article VII (Leaves) of the MOU is hereby deleted in its entirety and replaced with the following:

"7.2.8 – Annual Leave – Separation from the City:

A. Employees separating from the City service shall receive payment for 100% of accrued Annual Leave calculated at the employee's hourly base pay rate as of the date of separation. Alternatively, an employee separating from City service for any reason (including retirement) may make an irrevocable advance election before the first day of the month of separation to contribute accrued Annual Leave remaining at separation to the employee's account provided under the City's 457(b) deferred compensation plan. Contributions of Annual Leave to the 457(b) plan may not cause the employee to exceed the maximum annual deferral limitation for the year in which the contribution is made (\$18,000 for 2017, plus catch-up contributions of \$6,000 for employees age 50 or older). If an employee elects to contribute Annual Leave to the 457(b) plan, any Annual Leave that exceeds the maximum annual deferral limitations will be paid to the employee as a taxable cash payment.

B. If retiring, the Deputy Fire Chief and Battalion Chiefs have the additional option of delaying the date of retirement as the method of receiving accrued but unused Annual Leave."

3.5 Section 7.2.9 – Pay in Lieu of Annual Leave. Section 7.2.9 (Pay in Lieu of

Annual Leave (Buy-Back)) of Article VII (Leaves) of the MOU is hereby deleted in its entirety and replaced with the following:

“7.2.9 – Pay in Lieu of Annual Leave (Buy-Back):

Buy-Back Guidelines: Members may make an advance irrevocable election each year to buy back Annual Leave that will be accrued in the following 12 month period (commencing with the first full pay period of the fiscal year and ending with the last full pay period of that fiscal year) (“Buy-Back Period”) by submitting an Annual Leave Buy-Back Request form during the last 15 days of June. Annual Leave buy back payments will be calculated at the employee’s base rate as of the last full pay period of the Buy-Back Period, except that for members of the Association who are on assignment with a minimum duration of two years, assignment pay shall be included in the calculation. Frozen Sick Leave accounts are not available for buy-back.

Upon the employee’s submission of an Annual Leave Buy-Back Request, the City will buy back Annual Leave after the close of the Buy-Back Period from the employee’s account subject to the following criteria:

| <u>Annual Leave Used During The Buy-Back Period</u> | <u>Min. Annual Leave Remaining After Buy-Back</u> | <u>Maximum Buy-Back</u> |
|---|---|---------------------------------|
| 96 Hours | 144 Hours | 216 Hours (56-hour workweek) |
| 40 Hours | 80 Hours | 120 Hours (40-hour workweek) |

In addition to the above, the Deputy Fire Chief may also request that the City buy back Annual Leave from the employee’s account according to the following schedule:

| <u>Annual Leave Used During The Buy-Back Period</u> | <u>Min. Annual Leave Remaining After Buy-Back</u> | <u>Maximum Buy-Back</u> |
|---|---|---------------------------------|
| 60 Hours | 80 Hours | 140 Hours (40-hour workweek) |
| 80 Hours | 80 Hours | 160 Hours (40-hour workweek) |

Note: If a member is out on extended Military Leave, the City will buy back up to 216 hours without the usual requirement that the employee have used Annual Leave Hours during the Buy-Back Period.

Payment shall be made on the Friday after the pay day for the last full pay period of the Buy-Back Period. If an employee does not meet the requirements for a buy-back as outlined above as of the end of the Buy-Back Period, no buy-back payment will be made, provided that an employee meeting the requirements for a lower buy-back amount than elected by the employee will have his or her election automatically adjusted and will receive the corresponding lower buy-back payment. For example, if an employee on a 56-hour workweek schedule submits an Annual Leave Buy-Back Request to buy back 216 hours of Annual Leave, but only has 140 hours of Annual Leave remaining after the buy-back, the employee's election will be automatically adjusted to request a buy-back of 212 hours. Employees may not elect to buy back Annual Leave that has accrued during a previous Buy-Back Period. Employees must submit a new Annual Leave Buy-Back Request for each Buy-Back Period and failure to submit an Annual Leave Buy-Back Request will result in the employee being prohibited from buying back Annual Leave for that Buy-Back Period.

The City will endeavor to implement, on or before July 1, 2018, a process that allows Employees to make an advance irrevocable election twice per year to buy back Annual Leave that will accrue after the election provided that the City's computer and software technology can accommodate an automated electronic method for processing Annual Leave Buy Back Request forms, as determined by the City Manager. If the City's computer and software technology can accommodate an electronic method, the City and the Association shall meet and confer in good faith to negotiate a side letter or other agreement to implement the twice per year buy-back process, including, without limitation, the time for submission of Annual Leave Buy Back Request forms and the minimum criteria that an Employee must satisfy to buy back Annual Leave. If the City's computer and software technology cannot accommodate an automated electronic method for processing Annual Leave Buy Back Request forms, the City shall provide notice to the Association on or before June 1, 2018."

3.6 Section 7.3.4 – Frozen Sick Leave at Retirement. Section 7.3.4 (Frozen

Sick Leave at Retirement) of Article VII (Leaves) of the MOU is hereby deleted in its entirety and replaced with the following:

“7.3.4 – Frozen Sick Leave at Retirement:

Members of the Association who retire, retire due to disability, or are deceased prior to retirement, after a minimum of fifteen (15) years of regular employment, will be paid three percent (3%) of the unused Frozen Sick Leave for each year of service. Payment shall be calculated at the employee’s hourly rate at the time of payment. Under no circumstances shall the amount paid exceed the value of the total unused Frozen Sick Leave balance in the employee’s account.

An employee has the option of cash payment or delay of date of retirement as the method of receiving unused Frozen Sick Leave.”

3.7 Section 7.3.5 – Frozen Sick Leave – Cash-Out. Section 7.3.5 (Frozen Sick Leave – Cash-Out) of Article VII (Leaves) of the MOU is hereby deleted in its entirety and replaced with the following:

“7.3.5 – Frozen Sick Leave – Cash-Out:

Deputy Fire Chief and Battalion Chiefs who resign from the City with a minimum of twenty (20) years of service with the City shall be eligible to receive three percent (3%) of the Frozen Sick Leave for each year of service with the City.

Deputy Fire Chief and Battalion Chiefs who leave City service for any reason with a minimum of twenty-five (25) years of service with the City shall be eligible to receive one hundred percent (100%) of their Frozen Sick Leave account.

Payment shall be calculated at the employee's hourly base pay rate at the date of separation from City service. Under no circumstances shall the amount paid exceed the value of the total unused Frozen Sick Leave balance in the employee’s account.”

3.8 Section 13.2.1 – Forty-Hour Assignments. Section 13.2.1 (Forty-Hour Assignments) of Article XIII (Special Compensation) of the MOU is hereby deleted in its entirety and replaced with the following:

“Section 13.2.1 – Forty-Hour Assignments:

Effective July 1, 2013, the City agrees to pay an additional 15% above base pay (“Forty-Hour Assignment Pay”) to employees

working in the positions of Firefighter, Engineer, and Captain when those positions receive 40-hour per week assignments on a regular basis, probationary basis, or as a modified duty accommodation resulting from a work-related injury or illness. Additionally, due to the deferral of such additional payments based upon an audit finding on March 15, 2017, a retroactive payment shall be made to those employees who qualified for such additional payments on or after March 15, 2017. Notwithstanding anything in this MOU to the contrary, effective July 1, 2017, Forty-Hour Assignment Pay shall not be paid to an employee who is absent from duty due to a work-related injury or illness and is receiving pay pursuant to Section 4850 of the California Labor Code, absent from duty related to a non-industrial injury or illness under FMLA/CFRA, or on an unprotected leave of absence.”

3.9 Entire Agreement; Continuing Effect of MOU. It is understood and agreed that the specific provisions contained in this Side Letter shall supersede any previous agreements, whether oral or written, regarding the matters expressly addressed herein. In addition, except as amended by this Side Letter, all wages, hours and other terms and conditions of employment presently enjoyed by the affected employees and contained in the MOU, as amended by duly approved previous side letters, shall remain unchanged and in full force and effect.

3.10 Expiration of Side Letter. This Side Letter shall expire and become null and void on June 30, 2017, upon expiration of the MOU, at which time the terms and conditions of this Side Letter will be reviewed for applicability of extension into a successor agreement.

3.11 Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Side Letter. The Parties agree that the execution of this Side Letter may not be challenged by the CFA or any employee it is recognized to represent through the City's grievance procedure or in any other forum unless the challenge is based upon a factual allegation that the Side Letter was the product of fraud, intentional misrepresentation or unlawful coercion on the part of City representatives.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be

executed on the date first hereinabove written.

Dated: _____

Darrell Talbert
Employee Relations Officer
City Manager

Dated: _____

Kerry Eden
Assistant City Manager /
Administrative Services Director

Dated: _____

James Steiner
President
Corona Firefighters Association