

**CITY OF GILROY
AND
GILROY MANAGEMENT ASSOCIATION**

JUNE 2, 2009

SIDE LETTER AGREEMENT

Over the last two months, the City has been meeting with the Gilroy Management Association on budget reductions. The City of Gilroy and the Gilroy Management Association (GMA) have agreed to the following:

1. Furlough

Twenty-four (24) days (192 hours) of furloughs in Fiscal Year 2009-2010.

Twenty-four (24) days (192 hours) of furloughs in Fiscal Year 2010-2011.

This is a total of 48 days over a two year period. City offices to be closed the 1st and 3rd Friday of every month to achieve a salary and salary related benefits savings of 9.23% for both Fiscal Year 2009-2010 and Fiscal Year 2010-2011.

Alternate furlough days may be approved in the same month at the discretion of the department head in order to achieve operational efficiencies. It is understood that the furlough days as described above will be implemented in such a manner so as to not impact the FLSA exempt status of the exempt GMA classifications. Further, it is understood by the City of Gilroy and GMA that detailed procedures will be developed for the implementation of the work furlough. The parties will work together to develop the procedures and communicate information to employees.

2. Wage Freeze

No negotiated wage increase for the period of July 1, 2009 – June 30, 2010.

3. Merit Salary Increases

Reinstate Merit Increases for the period of March 2009-June 2009. Eliminate Merit Increases for Fiscal Year 2009-2010 (July 1, 2009 – June 30, 2010).

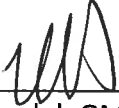
4. Tuition Reimbursement

Eliminate Tuition Reimbursement (reimbursement of up to \$1,000 per employee) for Fiscal Year 2009-2010 (July 1, 2009 – June 30, 2010).

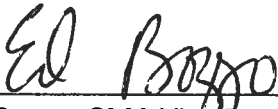
5. MOU Establishment

The parties agree to enter in to good faith negotiations to execute a minimum one-year status quo Memorandum of Understanding (MOU) by September 30, 2009 that sets forth the current compensation and benefits of GMA. GMA will not be requesting any new salary or benefits. The September 30, 2009 date for the execution of the MOU can be extended if mutually agreed upon by both parties if negotiations are progressing.

For Gilroy Management Association (GMA):



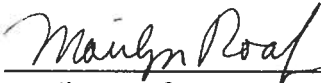
Kurt Svardal, GMA President



Ed Bozzo, GMA Vice President

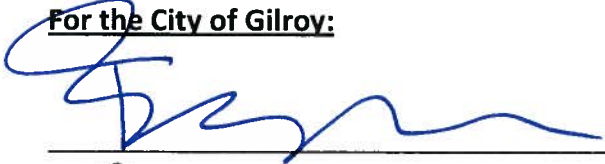


Patricia Bentson, GMA Secretary

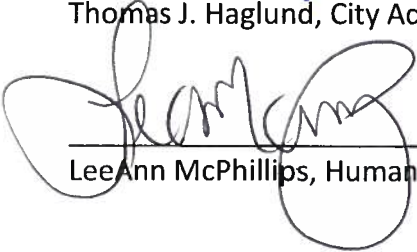


Marilyn Roaf, GMA Treasurer

For the City of Gilroy:



Thomas J. Haglund, City Administrator



LeeAnn McPhillips, Human Resources Director

Charles Sakai, Labor Negotiations Counsel

RESOLUTION NO. 2009-22

**RESOLUTION APPROVING A SIDE LETTER CONCESSION AGREEMENT
BETWEEN THE CITY OF GILROY AND THE GILROY MANAGEMENT
ASSOCIATION (GMA)**

The City Council of the City of Gilroy hereby resolves as follows:

WHEREAS, the City is experiencing revenue losses for a sustained period of multiple years, therefore, revenues are not keeping pace with expenditures; and

WHEREAS, the local, state, and national economy is seeing unprecedented economic losses, substantially declining property values, and declining sales tax revenue as consumers curtail spending. As a result, the City has experienced significant revenue losses and expects these losses to continue for multiple years; and

WHEREAS, the City has made over \$8.0 million in cuts through spending reductions, a hiring freeze, and layoffs; and

WHEREAS, the City requested to meet and confer with all bargaining units, including Gilroy Management Association, in an effort to find solutions to the City's financial situation; and

WHEREAS, Gilroy Management Association agreed to meet and confer and discuss possible cost saving measures; and

WHEREAS, Gilroy Management Association concluded their discussions with the City; and

WHEREAS, a Side Letter of Agreement outlining cost saving measures for Gilroy Management Association was ratified by the Gilroy Management Association membership; and

WHEREAS, Gilroy Management Association has made a contribution of approximately \$343,000 through concessions from the 23 Gilroy Management Association members; and

WHEREAS, details of the Side Letter Agreement between the City and Gilroy Management Association are included in Exhibit A to this resolution.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Gilroy approves the Side Letter of Agreement and agrees that the City Administrator has the authority to implement the Side Letter of Agreement and to create administrative procedures for the implementation of the agreed upon unpaid furloughs.

PASSED AND ADOPTED this 8th day of June, 2009 by the following vote:

AYES: COUNCILMEMBERS: ARELLANO, BRACCO, DILLON and
PINHEIRO

NOES: COUNCILMEMBERS: GARTMAN, TUCKER, WOODWARD

ABSENT: COUNCILMEMBERS: NONE

APPROVED:



Albert Pinheiro, Mayor

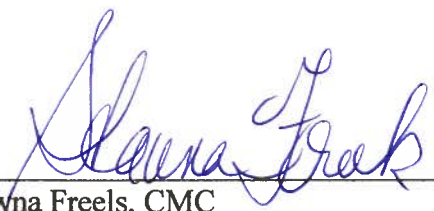
ATTEST:



Shawna Freels, City Clerk

I, SHAWNA FREELS, City Clerk of the City of Gilroy, do hereby certify that the attached Resolution No. 2009-22 is an original resolution, or true and correct copy of a city resolution, duly adopted by the Council of the City of Gilroy at a regular meeting of said Council held on the 8th day of June, 2009, at which meeting a quorum was present.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the City of Gilroy this 11th day of June, 2009.



Shawna Freels, CMC
City Clerk of the City of Gilroy

(Seal)