SIDE LETTER BETWEEN CITY OF CAPITOLA AND THE ASSOCIATION OF CAPITOLA EMPLOYEES

Pursuant the provisions of the Meyers-Milias-Brown Act ("MMBA"), this Side Letter of Agreement ("Side Letter Agreement") is entered between the City of Capitola ("City") and the Association of Capitola Employees ("ACE") (collectively, "the Parties").

WHEREAS, the Parties recognize the impacts of the COVID-19 pandemic on the City's ability to provide essential services; and

WHEREAS, the Parties reaffirm their commitment to collaborative labor relations; and

WHEREAS, the Parties desire to extend the term of the existing Memorandum of Understanding between ACE and the City, effective July 1, 2018 to June 30, 2020 ("MOU") with some modifications; and

WHEREAS, the Parties have met and conferred in good faith, in accordance with the MMBA, concerning the terms and conditions of this Side Letter Agreement;

IT IS HEREBY AGREED that the existing MOU is extended until December 26, 2020 and shall be amended as follows:

1. All employees shall receive an 6% pay reduction for hours worked at the City from July 27, 2020 to December 26, 2020. All employees shall receive 40 hours, prorated for less than 40-hours per week (5 days) of paid leave. The leave balance will expire December 31, 2020.

2. The mandatory and optional cash out of vacation hours provided under Sections V.E (Vacation- Mandatory Cash Out Before Termination) and V.F. (Optional Vacation Cash Out) of the MOU is suspended for Fiscal Year 2020-2021.

3. The Parties shall begin the meet and confer process concerning the terms and conditions of employment for the December 27, 2020 to June 30, 2021 time period in late-November 2020 after the City receives the 1st quarter (July - September) sales tax data.

4. The City Council shall have the right to terminate the 6% pay reduction and restore ACE employee's full pay prior to December 27, 2020, if they so desire.

5. If executive management pay is increased from the 6% reduction during the term of this Side Letter Agreement, ACE shall receive the same increase.

6. On July 1, 2021, all terms and conditions of employment will revert to terms and conditions of the MOU in effect prior to the execution of this Side Letter Agreement, unless a successor MOU is agreed upon by the Parties.

This Side Letter Agreement is effective July 26, 2020. This Side Letter Agreement shall supersede any inconsistent provisions in the Parties' MOU and shall be incorporated into the MOU by this reference.

Association of Capitola Employees	City of Capitola
By: _____	By: _____
Ryan Heron 7/20/2020	City Manager
_____	Date: 8/10/20
_____	
_____	