



**MEMORANDUM OF UNDERSTANDING
(MOU)**

July 17, 2013 – December 31, 2015

by and between the

CITY OF RANCHO MIRAGE ("City")

and the

**RANCHO MIRAGE EMPLOYEES' ASSOCIATION
("Association")**

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ARTICLE 1 – PARTIES AND TERM

This Memorandum of Understanding ("MOU") is made and entered into between the City of Rancho Mirage ("City") and the Rancho Mirage Employees' Association ("Association") for the period of July 17, 2013 to December 31, 2015.

ARTICLE 2 – REIMBURSEMENT FOR TRAINING AND EDUCATION

The City shall budget sufficient funds at the beginning of each fiscal year for an employee education reimbursement program. The employee must submit a written request to the City Manager or designee with a cost estimate and description of the course no earlier than July 1ST of each year. The requests will be handled on a first come, first served basis. After an employee completes a course that is specifically job related, he/she shall be reimbursed after having received a grade of "C" or better, or a certificate of passing for courses that do not receive a grade. Courses that are not specifically job related shall not be eligible for reimbursement. The maximum reimbursement is \$700 for tuition and books per employee, per fiscal year. The City shall be notified if a course is dropped after being approved and encumbered. If funds are disencumbered due to a dropped course, less than a "C" grade, or no passing certificate for courses that do not receive a grade, any other employee who received less than \$700 due to lack of funds, and has met the program requirements, will be eligible for additional reimbursement if funds are available at the end of the fiscal year up to \$700.

ARTICLE 3 – DEFERRED COMPENSATION

City will contribute \$10 per pay period to deferred compensation for employees.

ARTICLE 4 – SALARY

Effective July 27, 2013, the City shall implement a 2% base salary increase for FY 2013-2014.

On July 1st, 2014, the City shall implement a 2% base salary increase for FY 2014-2015.

On July 1st, 2015, the City shall implement a 2% base salary increase for FY 2015-2016.

ARTICLE 5 – SALARY ADVANCEMENT BASED ON MERIT

The City's current salary step system and corresponding increases are as follows:

Step A	Step B	Step C	Step D	Step E	Step F	Step G
5%	5%	2.5%	2.5%	2.5%	2.5%	-

Each member shall be advanced to a higher step within their respective salary range on their anniversary date unless the overall evaluation is less than satisfactory and has been delivered to the employee prior to their anniversary date.

ARTICLE 6 – PUBLIC EMPLOYEES' RETIREMENT SYSTEM BENEFIT

A. Tier 1 - Grandfathered Employees

Employees hired prior to July 13, 2012 will receive the 2.5% @ 55 retirement benefit provided by CalPERS.

Employees hired on or after July 14, 2012, and prior to January 1, 2013, or who are hired after January 1, 2013, but were previously members in CalPERS or a reciprocal retirement system with less than 6 months gap in service, i.e., classic members will receive the 2% @ 60 retirement benefit provided by CalPERS.

Employees will pay their CalPERS member contribution as follows:

1. Effective July 27, 2013, employees will pay an additional 1.25% of their PERS member contribution, for a total of 4.25% of the member contribution paid by the employee.
2. Effective the first pay period following July 1, 2014, employees will pay an additional 1.75% of their PERS member contribution, for a total of 6% of the member contribution paid by the employee.
3. Effective the first pay period following July 1, 2015, employees will pay an additional 2% of their PERS member contribution, for a total of 8% of the member contribution paid by the employee.

B. Tier 2 – The Public Employees' Pension Reform Act of 2013 ("PEPRA")

Employees hired after January 1, 2013, and defined as "new members" under PEPRA, will receive the 2% @ 62 formula and will pay one half (1/2) of their total normal cost rate as determined by CalPERS.

C. CalPERS Survivor Benefits

City will continue the 1959 Survivor Benefits Level 4. Costs are shared by the City and employee as identified by CalPERS.

ARTICLE 7 – CAFETERIA PLAN

On January 1, 2006, the City established a cafeteria plan for full-time employees. Since retirees are not eligible for a cafeteria plan, the use of a cafeteria plan enables the City to contribute more toward the cost of benefits for active employees than for retirees.

The City shall contribute to the cafeteria plan, on behalf of each active employee, the necessary dollar amount to pay 100% of the monthly premium costs for fringe benefits consisting of dental, vision, short-and long-term disability and life insurance. The dollar amount contributed by the City shall vary from one employee to another if the premiums vary based on family size.

As stated in Article 8, below, the City shall contribute the monthly minimum dollar amounts specified in the PEMHCA, Government Code section 22892. The City shall also contribute to the cafeteria plan the necessary additional dollar amount to pay 100% of the monthly premium cost for CalPERS medical insurance, inclusive of the PEMHCA statutory minimum, up to an amount not to exceed the premium for the CalPERS Choice plan. The additional amount contributed by the City shall vary from one employee to another if the premium varies based on family size.

ARTICLE 8 – MEDICAL INSURANCE

The City contracts with CalPERS for medical insurance for active employees and retired annuitants. Retiree coverage is mandatory under PEMHCA as long as the City contracts with CalPERS for medical insurance. A survivor of a CalPERS retiree is also eligible for benefits if the survivor qualifies for a monthly survivor's pension.

The City contributes toward the cost of medical insurance premiums under what is known as the Unequal Method. For all active employees and retired annuitants, the City contributes the monthly statutory minimum specified in PEMHCA. Active employees also receive the cafeteria plan benefits provided in Article 7, above.

This method requires a City contribution on behalf of retirees, with the retiree paying the balance of the premium. The City pays at least \$1 per month in the first year, with the City's contribution for retirees increasing annually by 5% of the amount the City contributes for active employees, not to exceed the monthly amounts specified in Government Code section 22892(c).

In 2013, the City's monthly contribution for retirees is \$_statute____ For 2014 and 2015 the City's monthly contribution for retirees is yet still undetermined.

ARTICLE 9 – HEALTH INSURANCE COMMITTEE

The City established a Health Insurance Committee, comprised jointly of representatives from the City and Association, to establish procedures for administering Health Reimbursement Accounts on behalf of each full-time employee enrolled in one of the City's CalPERS medical insurance plans.

All work undertaken by the Committee and any information distributed shall comply with the privacy and security standards of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and any other applicable laws. The Insurance Committee is responsible for:

- Establishing procedures for administering the health reimbursement account for each full-time employee enrolled in the CalPERS medical plan.
- Periodically reviewing the dollar amount of the City's contribution to each full-time employee's health reimbursement account (currently \$3,000 for single employees with no dependents and \$6,000 for employees with one more dependents) to determine if adjustment is warranted.
- Reviewing reimbursement claims for medical expenditures not on the approved list to determine if the expenditures should or should not be included on the approved list.
- Reviewing the overall performance of group insurance providers including, but not limited to claims payments, quality of providers and customer service.
- Resolving issues arising during implementation of CalPERS medical insurance programs and subsequent issues as they may occur.

Annually on January 1st, the City shall credit to each full-time employee's health reimbursement account \$3,000 for single employees with no dependents and \$6,000 for employees with one or more dependents. Employees may claim reimbursement of medical, dental and vision expenditures for themselves and their enrolled dependents, from an approved list, up to the annual (calendar year) \$3,000/\$6,000 limits in their individual health reimbursement account. Unspent balances as of December 31st of each year shall revert to the City and shall not be carried forward to the subsequent calendar year.

ARTICLE 10 – RETIREE SERVICE STIPEND

The City established a Retiree Service Stipend, effective July 1, 2005. The Stipend is intended to provide additional compensation, above and beyond the dollar amount of the CalPERS pension, to help cover the costs of retiree medical insurance up to age 65. The Stipend is in consideration for services rendered to the City prior to retirement. The Stipend shall be available only to those retirees who meet the following requirements for service to the City at the time of retirement and shall cease upon the retiree reaching the age of 65:

Minimum Age	Years of Service	Benefit
Age 55	10 years	Employee coverage to age 65
Age 55	15 years	Employee & Spouse coverage to age 65
Age 55	20 years	Employee, Spouse & Dependent to age 65

In addition, employees hired prior to July 1, 2005, who have at least 5 years of City service, and who retire at age 63 or 64, shall receive employee coverage to age 65.

ARTICLE 11 – LIFE INSURANCE DEATH BENEFIT

The City provides, at no cost to each full-time employee, term life insurance in the amount of \$50,000.

ARTICLE 12 – ON-CALL PAY

Any employee who is required by the City to be "on-call" after normal working hours shall be paid shall \$35 for each weekday and \$45 for each weekend day and holiday that the employee is actually on call. An employee who is "on-call" is one who is required to respond immediately to a cell phone call or any other method of contact used by the City to respond to after-hour events typically of an emergency nature. During the period of on-call status, the employee is free to pursue personal matters as long as the employee remains able to respond promptly to the work site. The employee will be paid their overtime rate of pay for time actually worked due to a response to a job-related event during the period of "on-call" status. The employee shall also be paid one additional hour for travel time to and from the event. At the option of the employee, the compensation may be earned as to comp time. The City shall equitably distribute on call assignments amongst eligible members whenever possible.

ARTICLE 13 – WORK SCHEDULES

- A. 9/80 Work Schedule. The City established a 9/80 work schedule and general guidelines for implementation, such as working hours, length of the unpaid lunch period, etc. The City retains the *exclusive* right to terminate any 9/80 work schedule with thirty days written notice to the affected employees. The Fair Labor Standards Act (FLSA) workweek for all employees working a 9/80 work schedule shall begin exactly four hours after the start time of their shift on their alternating regular day off. For other employees in the unit, the workweek shall begin on Saturday at 12:00 and end at 11:59 p.m. the following Friday.
- B. Work Hours. Work hours for all employees, other than full-time Library employees and those on a 9/80 work schedule, shall be 40 hours per week, eight hours per day, five days per week.
- C. Library Work Hours. All full-time Library employees shall work 40 hours per week, six days per week beginning on Saturday morning. Full-time Library personnel working on Sundays, as part of the established Sunday Schedule (or another staff member working that person's place) will be paid 1½ times base pay for the hours worked on Sunday.
- D. The following shall count as hours worked: paid City holidays, industrial accident/workers' compensation leaves and jury duty leaves.
- E. The following leaves of absence will not be considered as actual hours worked within a workweek:
1. Unauthorized time off
 2. Non-Workers' Compensation-related Disability
 3. Floating Holiday
 4. Vacation
 5. Sick Leave
 6. Compensatory Time Off
 7. Bereavement
 8. Family Illness
 9. Leave of Absence Without Pay
 10. Administrative
 11. Family Medical Leave
 12. Military Leave

F. Overtime. Overtime must be approved in advance by a Department Head, the City Manager or their designee.

Employee's eligible to *receive* overtime (i.e., FLSA non-exempt employees) shall be paid as follows:

1. If an employee works a full work period, overtime shall be classified as "paid overtime" (1½ times) and the employee shall choose a form of compensation for that overtime of either compensatory time or payment through the biweekly payroll.
2. If an employee fails to work a full work period, any time worked up to a 40-hour work period shall be paid at the employee's straight time hourly rate. All additional overtime worked beyond the 40 hour work period shall be classified as "paid overtime" (1½ times) and the employee shall choose a form of compensation for that overtime as identified in the Personnel Rules and Regulations.

ARTICLE 14 – DONATION OF LEAVE

The goal of this Article is to enable employees to donate accrued leave hours that can be used by the recipient employee to maintain bi-weekly income and/or help to cover extraordinary expenses. An employee who suffers an unforeseen catastrophic event affecting the employee or employee's family which prevents the employee from attending to his/her regular work may be eligible to receive donated hours based on voluntary donations of accrued leave by other employees under the following conditions:

- A. Accrued vacation, sick leave, compensatory time off, floating holidays and administrative leave may be donated under this Article. All donations are strictly voluntary. Once made, the donations cannot be revoked or canceled. The City will develop and distribute procedures and forms for requests and donations of leave.
- B. The employee, or the employee's representative, must submit a written request to the City Manager, or his designee, explaining the reason(s) for the request and estimating the number of hours and/or amount of cash needed.
- C. The City Manager or designee shall promptly determine whether the requesting employee is eligible for donated leave. The City Manager's determination of eligibility of the requested employee will be final.

- D. If the requesting employee is determined by the City Manager to be eligible for this program, the City Manager shall notify all City employees of the request. The notification will specify the name of the employee seeking the donation and the estimated number of hours needed. Donations will be accepted from all employees desiring to donate and, to the extent possible, allocated equally to those who donated. Additionally, no employee shall be obligated to donate more hours than offered.
- E. The hours received by the requesting employee shall be recorded in the requesting employee's leave bank maintained by the City's payroll system and identified as "Donated Hours" at the recipient's current rate of pay. The hours shall only be used for the purpose(s) identified in the request to the City Manager and shall be used to maintain bi-weekly income and/or converted to cash to pay for extraordinary expenses. In either instance, donated hours used shall be subject to mandatory withholding.

It may occur that the initial number of hours donated is insufficient to meet the purpose(s) identified in (B) above. Should that occur, an additional request(s) may be submitted to the City Manager or his designee.

- F. Unused donated hours shall be returned to the donors on a pro-rata basis at the conclusion of the catastrophic event.
- G. No limitation shall be placed on the annual number of catastrophic events that may result in requests for donation of accrued leave. Furthermore, no limitation shall be placed on the number of hours of accrued leave that may be annually donated by any one employee.
- H. Nothing in this Article shall be interpreted to entitle an employee to a leave of absence, with or without pay. Entitlement to leave shall be regulated by other applicable provisions of this MOU and/or City policies, procedures and laws.

ARTICLE 15 – AGENCY SHOP & AUTOMATIC DUES DEDUCTION

- A. Membership. The Association is the official bargaining unit for employees of the City of Rancho Mirage. Any unit member who joins and remains a member of Association may sign and deliver to the City an assignment authorizing the deduction from the unit member's salary check of membership dues, initiation fees, and general assessments by the Association. Pursuant to such authorization for so long as the authorization is not revoked in writing, the City shall deduct the amount specified in the authorization from the unit member's paycheck and transmit the

amount to the Association. An active Association member can only withdraw from the Association in April of each year by notifying the Association in writing.

- B. Agency Shop. City and Association mutually understand and agree that an agency shop election was held and approved by the general membership of the Association. As a result, City and Association agree to an Agency Shop arrangement under Government Code Section 3502.5(b), which requires that, as a condition of continuing employment, employees in the affected bargaining unit must join the Association, pay to the Association a service fee in lieu thereof, or establish a religious exemption. The amount of the service fee shall be established by the Association.
- C. Association Dues/Service Fees. The Human Resources Department shall provide all current employees represented by the Association, and any employees hired into Association represented positions thereafter, with an authorization notice ("Authorization Notice"), in a form to be provided by the Association, advising the employees of the following information:
1. An agency shop arrangement for the Association has been enacted pursuant to state law; and,
 2. All employees subject to the agency shop arrangement must join the Association, pay a service fee to the Association, or claim a religious exemption from this requirement. The Authorization Notice shall include a form for the employee's signature authorizing a payroll deduction of Association dues, a service fee or a charitable contribution equal to the service fee. Employees shall have thirty (30) calendar days from the date they receive the Authorization Notice to fully execute the form and return it to the Human Resources Department.

When the form authorizing the deduction of Association dues or the service fee is properly completed and returned during the thirty (30) day period, the City shall begin the applicable deduction of Association dues or the service fee no later than the beginning of the first pay period commencing after receipt of the authorization form by the Human Resources Department. If the authorization form is not completed properly and/or not returned within the thirty (30) day period, the City shall begin the deduction of the service fee no later than the beginning of the first pay period after the expiration of the thirty (30) day period. If the authorization form is properly completed claiming the religious exemption and returned during the thirty (30) day period, the City shall follow the procedure below.

The Association shall advise the City, in writing, of the dues and service fee amounts to be deducted. Any change in the amounts will be submitted to the City, in writing, at least thirty (30) days prior to the effective date of such change.

All deducted dues and service fees shall be remitted to the Association no later than fourteen (14) calendar days after deduction. The City shall also provide an itemized statement detailing each employee's name, amount of deduction, and category of deduction.

- D. Religious Exemption. Any employee who is a member of a bona fide religion, body, or sect that has historically held conscientious objections to joining or financially supporting public employee organizations shall, upon presentation of active membership in such religion, body, or sect, not be required to financially support any public employee organization as a condition of employment. The employee may be required, in lieu of a service fee, to pay sums equal to the service fee to a non-religious, non-labor charitable fund exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, chosen by the employee from a list of at least three of these funds, designated by the Association. Proof of the payments shall be made on a monthly basis to the City as a condition of continued exemption from the requirement of financial support to the Association.

Written declarations of or applications for religious exemption and any supporting documentation may be submitted to the Human Resources Department and the Union. After receipt of such a request, the City shall begin a deduction of the charitable contribution no later than the beginning of the first pay period commencing after the receipt of the request by the Human Resources Department. The charitable deduction shall be held in escrow pending receipt of the Union's written determination on the request for a religious exemption. Upon approval of the religious exemption by the Association and upon identification of an appropriate charity by the employee, the City shall remit the escrowed amount to the designated charity and thereafter remit the charitable deductions to the designated charity. Upon denial of the religious exemption by the Association, the City shall convert the charitable contribution deduction to a service fee deduction and remit the escrowed amount to the Association as service fees. Charitable contributions shall be made by regular payroll deductions only. Failure of the Association to provide the City with a written approval or disapproval of a request for religious exemption within thirty (30) calendar days of the City's receipt of the employee's request shall constitute an approval of the religious exemption.

ARTICLE 16 – SICK LEAVE

All full-time employees are eligible for sick leave. Part-time employees are not eligible. Eligible employees will be credited with one day of sick leave for each calendar month of service or major fraction thereof. Any unused portion of sick leave can be carried over into the next calendar year, provided, however, an employee's accumulated sick leave balance may not exceed 960 hours. When an employee has accumulated the maximum of 960 hours of unused sick leave, further accumulation shall not be allowed until the balance has been reduced below the maximum.

Effective December 31, 2011, the City's policy is adjusted to reflect the following: existing employee's sick leave bank totals will be frozen and amounts noted for the purposes of cashing out one half of those hours when leaving City employment. For example: Employee "A" has 222 hours of sick leave on the books as of December 1, 2011. When Employee "A" leaves City employment he/she will be eligible to cash out up to 111 hours (one-half). Sick leave accrued after December 31, 2011 will not be eligible for the cash out provision. This cash out policy does not affect or alter an employee's monthly accrual rate of sick leave.

If a unit member remains on authorized absence due to illness or injury after exhausting his/her full-paid sick leave benefits, the employee will be entitled to use accrued but unused vacation or compensatory time off until exhausted or until the unit member is medically able to return to duty, whichever occurs first. The City may require written medical verification of the continued disability due to illness or injury from the unit member's physician or, at City expense, from a City-selected physician.

ARTICLE 17 – VACATION / ADMINISTRATIVE LEAVE

A. Vacation. All full time employees shall accrue vacation days according to the following schedule:

- Less than 2 years of employment = .833 day per month, 10 days per year = 80 hours.
- 2 years to completion of 7 years of employment = 1.25 days per month, 15 days per year = 120 hours.
- 8 years to completion of 11 years of employment = 1.50 days per month, 18 days per year = 144 hours.
- 12 years or more of employment = 1.66 days per month, 20 days per year = 160 hours.

Employees may accrue up to three times their annual accrued vacation. Once the maximum number of hours are accrued, the employee will not accrue any additional vacation until he or she uses vacation to reduce their accrual below the cap. Probationary employees shall accrue but not take their vacations until they have completed their 12-month probationary period.

All employees shall be required to use at least 40 hours of vacation time on an annual basis. Employees who fail to submit an annual vacation request to his/her supervisor, or to sign-up for vacation time during any 12-month period may be assigned by the Department Head or designee to use vacation in increments based on their accrual rate.

Holidays falling within the vacation period shall not be considered as part of an employee's vacation.

Any accrued and unused vacation time will be paid to employees separating from the City.

B. Administrative Leave. Administrative Leave is additional time the City grants and is accrued per pay period to specified positions, due to a combination of attendance at extra hour meetings, and/or the need to work additional hours. Administrative leave may not be carried over from year to year. Any Administrative Leave on the books on June 30th of each year will be cashed out. Subject to the use requirement in the above Article any employee may sell back to the City a maximum of 80 hours of accrued vacation, and 80 hours of compensatory time, per fiscal year at any time and for any reason. The maximum amount of comp time an employee may accrue is 240 hours. The employee needs to give reasonable notice to the Finance Division to ensure the check is available when needed.

ARTICLE 18 – RECLASSIFICATION POLICY

When an employee believes his/her job duties have changed materially so as to necessitate a reclassification, he/she shall make a request on an approved form for a Classification Study (Desk Audit). The employee shall then identify those areas and aspects of their classification that have materially changed in order to provide the Human Resources Representative with enough information to begin an analysis.

Once completed, the Desk Audit shall be forwarded to the Department Head. The Department Head shall respond by providing input and his/her view of what the worker is currently doing. The Department Head's response shall be provided to the employee, with a copy forwarded to the Human Resources Representative within 30 calendar days.

If the Human Resources Representative determines a study should be made for the position, he/she shall so inform the employee within 20 calendar days of receipt of the employee's request with the Department Head's comments attached to it. Upon acceptance of the initial proposal, the Human Resources Representative shall have 50 calendar days (including the aforementioned 20 calendar days), to complete an analysis and forward to the employee the results of that study.

If the Human Resources Representative determines there is no cause for a study, he/she shall inform the employee within 20 calendar days of the receipt of the employee's request. Within 15 calendar days, the employee may appeal the decision of the Human Resources Representative to the City Manager. The City Manager will consider reclassification requests. Prior to the recommended reclassification of any employee taking effect, the City Council must authorize the title and salary range of any position being created for the first time. If the reclassification requires additional appropriations in the applicable annual budget, the City Council's authorization is required as well.

The parties agree that after the City completes its anticipated classification study in either 2013 or 2014, either party may reopen negotiations on this article.

ARTICLE 19 – HOLIDAYS

A. **The City shall observe the following paid holidays:**

New Year's Day
Martin Luther King, Jr. Day
President's Day – 3rd Monday in February
Memorial Day
4th of July – Independence Day
Labor Day
Veteran's Day
Thanksgiving Day
Day After Thanksgiving
Christmas Day
Two (2) Optional Floating Holidays

B. **Floating Holidays.** Floating holidays must be taken during the current calendar year unless there is a request and approval by the City Manager to allow them to be carried into the following calendar year.

- C. Holidays on Weekend Days. Holidays falling on Sunday will be observed on the following -Work Day. Holidays falling on Saturday will be observed on the preceding Work Day.

- D. Part-Time employees shall not be paid for holidays. Probationary employees will be granted holidays as they fall within the probationary period except they are not eligible to take floating holidays.

ARTICLE 20 – PROBATIONARY PERIOD

The probationary period for full-time employees shall be one year from date of hire, unless extended. The probationary period upon promotion to a position shall be six months from date of promotion, unless extended. The probationary period for a particular full-time employee may be extended pursuant to policies and procedures established by the City. The maximum period of extension in the case of a promotion shall be six months. Unless the full-time employee is released for failure to complete probation or the probationary period is extended, the full-time employee shall be deemed to have passed probation at the end of the probationary period.

ARTICLE 21 – MANAGEMENT RIGHTS

City agrees any schedule changes will be accompanied by a minimum 7-day written notice unless mutually agreeable to both the employee and City.

All management rights and functions shall remain vested and exclusively with the City except those which are clearly and expressly limited in this MOU.

It is recognized merely by way of illustration that such management rights and functions include but are not limited to:

- A. The right to determine the mission of each of its agencies, departments, institutions, boards and commissions including the standards of services to be offered.

- B. The right of full and exclusive control of the management of the City; supervision of all operations; determination of the methods and means of performing any and all work; and composition, assignment, direction, location and determination of the size and mission of the work force.

- C. The right to determine the work to be done by the employees including establishment of levels of service and staffing patterns. The right to make schedule changes, purchase equipment and implement safety standards.
- D. The right to change or introduce new or improved operations, methods, means or facilities; or transfer work or contract for work to be done.
- E. Subject to City ordinances, the right to set and enforce performance standards, and to promote, reclassify, transfer, assign, release and lay-off employees; to suspend, demote, reduce in step or range, discipline and discharge employees for cause; to prescribe qualifications for employment and determine whether they are met.
- F. All the rights, responsibilities and prerogatives inherent in the City by virtue of all federal, state and local laws and regulations.
- G. The exercise by the City through its City Council and management personnel of the rights enumerated herein above shall not in any way directly or indirectly be subject to the grievance procedure.

ARTICLE 22 – SEVERABILITY CLAUSE

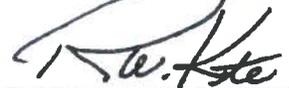
The parties agree that if any provision of this MOU is at any time held by a court of competent jurisdiction to be contrary to law, the remainder of this MOU shall not be affected, and shall remain in full force and effect. If any section of this MOU is found by a court of competent jurisdiction to be invalid, either party to this agreement may request a meeting between the parties to discuss only those matters that were affected by such ruling. Such request shall be honored and a meeting shall be held at a mutually convenient time within 30 days, if possible, or if not possible, as soon thereafter as can be arranged. Discussion shall be reopened at the request of either party if CalPERS makes any changes in Article 6 or to any mandated requirements affecting any provision of this MOU. If any provision of this MOU becomes unlawful as a result of a statutory or legislation change, it drops out without impacting the remaining provisions of this MOU.

ARTICLE 23 – COMPLETION OF MEET & CONFER

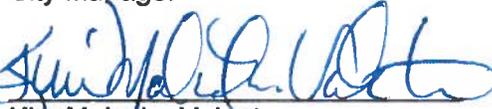
However, both the City and the Association recognize that during the term of this Agreement issues may arise that warrant meeting and conferring. The City and the Association agree that the meet and confer process shall be convened only if both the City and the Association mutually agree to do so.

Approved by the City Council of the City of Rancho Mirage following ratification by the Rancho Mirage City Employees' Association this 17th day of July, 2013

CITY OF RANCHO MIRAGE


Richard W. Kite
Mayor

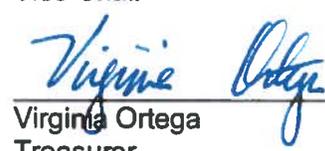

Randal K. Bynder
City Manager


Kim Malcolm-Valente
Director of Administrative Services

RANCHO MIRAGE EMPLOYEES' ASSOCIATION


Josh Altopp
Chair


Sandra Johnson
Vice Chair


Virginia Ortega
Treasurer


Cindy Stoddard *on behalf of*
Secretary


Raquel Solomon
Negotiations Team


Ruben Cirlos
Negotiations Team

SIDE LETTER OF AGREEMENT

between

CITY OF RANCHO MIRAGE

and

RANCHO MIRAGE EMPLOYEES' ASSOCIATION

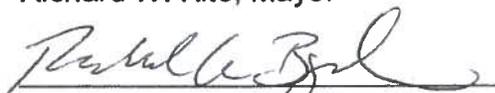
Representatives of the City of Rancho Mirage ("City") and the Rancho Mirage Employees Association ("RMEA") (collectively "Parties") have met and conferred and reached agreement on this Side Letter of Agreement to the 2013-2015 Memorandum of Understanding ("MOU"). This Side Letter of Agreement is not intended to supersede any of the other terms and conditions of employment contained in the MOU unless specifically mentioned herein. The following provisions of this Side Letter of Agreement represent the mutual understanding and consent of both parties.

- 1) Article 4 – Salary. Is amended to include that full-time employees employed by the City on or before July 26, 2013 will be eligible to receive the 2% base salary increases scheduled for:
 - July 27, 2013
 - July 1, 2014 (first pay period after July 1st)
 - July 1, 2015 (first pay period after July 1st)
- 2) The City's current Salary Schedule will not be adjusted by the 2013 through 2015 base salary adjustments.
- 3) This Side Letter of Agreement shall be incorporated into and made part of the Memorandum of Understanding for purposes of duration and contract enforcement. Execution of this side letter reflects mutual understanding, provides resolution to the party's differences and constitutes withdrawal of the grievance filed by RMEA on Article 4.

Executed on January 28th 2014.

FOR THE CITY:


Richard W. Kite, Mayor

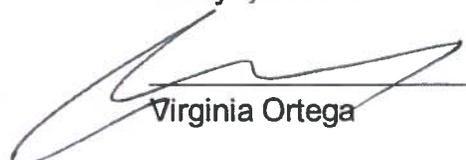

Randal K. Bynder, City Manager

FOR RMEA:


Joshua Altopp


Sandra Johnson


Cindy Stoddard

 for Virginia Ortega