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**LETTER OF AGREEMENT
BETWEEN THE CITY OF LOS ANGELES AND
COALITION OF LOS ANGELES CITY UNIONS**

2007-2014 MEMORANDA OF UNDERSTANDING

2, 3, 4, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 18, 29, 34, 36, 37

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Amendment to Coalition MOUs of 2007-2012

1. Term – the term of all Coalition Memoranda of Understanding (MOUs), as enumerated above, shall be amended to July 1, 2007 through June 30, 2014. For MOUs 2 and 13, the term shall be amended to September 1, 2007 through June 30, 2014.
2. Should either the Union or Management desire a successor MOU, that party shall serve upon the other during the period from April 1, 2014, through April 30, 2014, its written proposals for such a successor MOU.
3. Except as delineated in this Agreement and the implementing MOU Amendments, all provisions of the existing MOUs shall remain in full force and effect through June 30, 2014.
4. This Agreement and MOU amendments are subject to ratification by each Coalition member union and will become effective after such ratification and approval by the City Council.

Continued Mutual Commitment To LA's Future

The City of Los Angeles and Coalition of Los Angeles City Unions have negotiated to extend the current Memoranda of Understanding two additional years, through June 30, 2014. Agreement was reached by utilizing the Mutual Gains process to identify solutions to help address the largest budgetary deficit in the City's history during fiscal year 2009-10 and projected deficit for fiscal year 2010-11. The parties acknowledge there is still much uncertainty regarding the economy and potential impact on the City's financial condition. The parties recognize that these economical factors include, but are not limited to the local economy, City revenue, revenue from State and Federal budgets, and adverse litigation. It is therefore essential that both parties maintain the ability to address these uncertainties.

To address future uncertainties, both parties agree to continue to work cooperatively under the framework of the Mutual Gains process under the provisions of the existing MOUs and under the provisions of this letter of agreement. Either party may invoke the Mutual Gains process under any of these provisions.

The parties have agreed to achieve \$77.8 million in General Fund savings during the remainder of fiscal year 2009-10. These savings are essential to the City's fiscal stability. The parties agree to meet monthly to monitor the achievement of the savings identified in Attachment 1.

Salaries

The following is the new extended salary adjustment schedule:

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Fiscal Year	Effective Date	Current Provision	Modified Provision
2009/10	7/1/09	3% COLA	0%
	1/1/10	2.75% Step Increase	0%
2010/11	7/1/10	2.25% COLA	0%
	1/1/11	2.75% Step Increase	0%
2011/12	7/1/11	2.25% COLA	3% COLA
	11/1/11	---	1.75% Cash Payment
	1/1/12	2.75% Step Increase	2.75% Step Increase
2012/13	7/1/12	---	2.25% COLA
	11/1/12	---	1.75% Cash Payment
	1/1/13	---	2.75% Step Increase
2013/14	7/1/13	---	2.25% COLA
	7/1/13	---	1.75% Additional COLA for Deferral Recovery
	1/1/14	---	2.75% Step Increase

Note: Each cash payment shall be delivered in a single separate check as a lump sum, calculated on annual base wage (excludes all bonuses) as of November 1, 2011 and 2012.

Furloughs and Layoffs

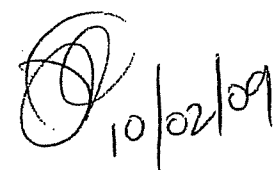
The undersigned parties agree that any employee represented by any union that is a member of the Coalition of Los Angeles City Unions will not be subject to layoff or a mandatory unpaid furlough program during the time period from July 1, 2009 to June 30, 2011, except as provided below.

During fiscal year 2009-10, if the City undergoes a catastrophic occurrence resulting in the combined loss of at least \$100 million dollars to the City General Fund or any Special Fund, or there is an unplanned expenditure of at least \$100 million dollars, the Coalition and the City shall meet within five working days of the City's declaration of meeting the threshold and use the Mutual Gains to address the shortfall. In any event, the Coalition shall be responsible for up to one-third of the shortfall.

In fiscal year 2010-11, if the City elects to lay off any member in any classification represented by Coalition bargaining units, all wage movement outlined in the MOU extension will be advanced by one year (retroactive if necessary) for all Coalition bargaining units. The cash bonus previously scheduled for 11/01/2011 will be removed, and the MOU extension will end June 30, 2013. The City will meet with the Coalition immediately after the release of the Fiscal Year 2009-10 Mid-Year Financial Status Report, in anticipation of the Fiscal Year 2010-11 budget. Before proposing any layoffs in the FY 10-11 budget, the City will meet with the Coalition to discuss other options, including furloughs, using the Mutual Gains process. In the event agreement is not reached within twenty working days, established bargaining

practices, as prescribed by the Employee Relations Ordinance, shall be used. The Coalition does not waive any of its rights under the MOU, this Agreement, or law with respect to layoffs or furloughs.

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Layoff Avoidance

The City shall utilize all appropriate layoff avoidance tools, (e.g., transfers, Charter Section 1014 transfers) to avoid layoffs in General Fund positions. In the event an appropriate transfer is refused by an employee, the parties agree that layoff protection pursuant to this Agreement is waived for that employee.

Mitigation

The City agrees to undertake the following mitigation measures before enacting this provision in either fiscal year 2009-10 or 2010-11. The City will:

1. First attempt to bond against the loss if practicable.
2. Use all State and Federal assistance funds (e.g. Stimulus funds, FEMA, and other State/Federal funds provided in emergency situations).
3. Consider and evaluate the Public Private Parking Partnership (P-3).
4. Attempt to maximize full indirect cost recovery to the general fund of all special fund/proprietary departments.
5. Conduct a review of all uncommitted general funds available.
6. Consider special obligation bonds against any judgments over \$10 million dollars.

Acknowledgement of Shared Sacrifice

In order to meet current economic challenges and maintain critical City services for all communities, the Mayor and Council have promulgated a policy of shared sacrifice, asking their labor partners to fully engage in confronting an historic budget shortfall. The Mayor and Council are committed to ensuring that all City employees share in the collective sacrifice during this time and that all City entities participate equitably.

In reaching this Agreement, the Coalition of LA City Unions has stepped forward ahead of all others and demonstrated its commitment to the long-term sustainability of the City workforce and the services its workers provide. The City acknowledges the sacrifice and initiative taken by the Coalition, and will use the Mutual Gains process to address concerns that Coalition members are treated equitably for the life of this agreement.

For those Unions that have cooperated in the spirit of shared sacrifice, it is the intent of the City that they should also share in the benefits when the financial position of the City improves. If the City experiences an unexpected increase in revenue or improvement in the General Fund the City shall make it a priority to repay the workers' sacrifices.

In the event New Revenues coming into the General Fund are identified, either party may begin the discussion by notifying the other party in writing of its intent to meet to determine how a portion of the identified New Revenues will be applied in the form of accelerated or enhanced wages and/or benefits. It is the intent of this letter of agreement that the cumulative value of any wages and/or benefit adjustments shall be 25% of the identified revenue total.

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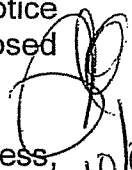
New Revenue is defined as General Fund revenue from any new source, in excess of \$40 million, that is fungible or otherwise not designated. Public-private partnerships shall be excluded from this section, with the understanding that the Coalition shall be part of discussions around the use of any revenues gained from such a program, and the revenues will be used primarily to fortify the long-term viability of City operations and the City workforce. In addition, this provision does not apply to pension-related funding.

Contracting of Bargaining Unit Work

Nothing in this provision contravenes the job protection language included in all Coalition Memoranda of Understanding. The parties agree that during the term of this Agreement the following terms and conditions shall apply to the contracting of bargaining unit work:

- A. No Coalition member shall be laid off, demoted or suffer loss of pay or benefits as a result of the contracting of unit work.
- B. If any Coalition member subject to the provisions herein is displaced as a result of contracting, he/she shall be retained in a position within a classification represented by the Coalition.
- C. Notwithstanding any provision of this Agreement to the contrary and excluding the provisions of paragraph 6 below, the provisions of this article shall be subject to advisory arbitration only.
- D. In lieu of the meet-and-confer process prescribed by the Employee Relations Ordinance (ERO), the parties agree to meet and discuss, in accordance with the provisions outlined below, all contracts to perform Coalition work except for contracts required by bona fide emergencies.
- E. The parties agree that the following expedited procedure shall replace the impasse resolution provisions of the ERO for disputes arising out of the meet and discuss process specified above:
 - 1. The City shall provide timely notice, through the existing "clearinghouse" procedure, of proposed contracts to perform unit work. In addition, the City shall provide the Coalition a list of individuals responsible for coordinating contracting information in each department.
 - 2. The affected Coalition union may request to meet and discuss such proposed contracts within five (5) working days following notice as indicated in "a." above. Failure by the affected Coalition union to request such meeting(s) within the prescribed five days shall constitute a waiver of the affected Coalition union's right to continue this process.

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3. Meeting(s), if requested, shall begin within five (5) working days following notice to the City by the affected Coalition union of its desire to discuss the proposed contract(s).
 4. If the parties cannot reach agreement through the meet-and-discuss process, the affected Coalition union may request expedited advisory arbitration within five (5) working days following the last meet-and-discuss session. Failure by the affected Coalition union to request arbitration within the specified five days shall constitute a waiver of the Coalition's right to continue in this process. The parties will attempt to establish a mutually agreeable, expedited process for selecting arbitrators. Absent any such agreement, arbitrators will be selected in accordance with Rules 11.03 and 11.04 of the Employee Relations Board.
 5. The parties agree that for contracts with a value of less than \$1 million, the hearing and issuance of the advisory decision by the arbitrator shall be concluded within thirty (30) calendar days following request for arbitration; and within (90) calendar days for contracts of \$1 million or more.
 6. The arbitrator's advisory decision and recommendation shall be transmitted to the appropriate determining body simultaneously with the proposed contract.
 7. The time limits in this process may be extended only by the mutual, written agreement of the parties.
 8. The expedited arbitration process herein shall be informal. Court reporters shall not be used; rules of evidence shall be informal; the production of witnesses and documentary evidence shall be at the discretion of each party; the arbitrator's notes, exhibits (if any), and the written advisory decision and recommendation shall constitute the record of the proceedings; post hearing briefs shall not be required or submitted.
 9. Arbitration fees shall be shared equally by the affected Coalition union and the City.
- F. Disputes over the practical consequences of the contracting of unit work, other than those occurring under paragraphs 4 and 5 above, shall be resolved in accordance with the provisions of the Grievance Procedure under the affected Coalition MOU, and shall not delay the implementation of the contract if all other provisions of this section have been met. The parties agree that the review of "practical consequence" grievances shall begin with the first formal level of review of the grievance procedure and that said grievances shall be subject to advisory arbitration, except as provided in the Arbitration step (Step 4) of the affected Coalition MOU Grievance Procedure.

Early Retirement Incentive Program

A. Goals

The Early Retirement Incentive Program (ERIP) Letter of Agreement sets a goal of the retirement of 2,400 civilian employees. In the event that the number of retirees is not achieved, the City and the Coalition will meet promptly in accordance with the Mutual Gains process to address solutions and reach agreement within 20 working days of the end of the ERIP subscription period on the steps to be followed to close any financial shortfall in employee retirements/departures. For those 20 days, Mutual Gains shall take precedence over established bargaining practices as prescribed by the Employee Relations Ordinance (ERO). Thereafter, established bargaining practices shall apply. Any solution will not disproportionately impact Coalition members.

B. Separation Pay

Separation Pay for employees retiring under the ERIP, as described in #3 of the ERIP Letter of Agreement, shall be divided into two equal payments, in two separate calendar years.

C. Program Review

At the conclusion of the ERIP (i.e., participants have been identified and are separating from City service), the parties will meet to discuss and develop solutions for resolving organizational and operational issues that result from the ERIP.

Special Fund/Proprietary Savings

The savings generated by this Coalition Agreement in Special Funds and Proprietary Departments will be utilized, to the greatest extent possible, to offset the shortfall in the General Fund.

Special Funds and Proprietary Departments will, to the maximum extent legally permissible, contract with City departments to perform duties otherwise performed by outside contractors.

The City will continue to use its best efforts to fill vacancies in Special Fund and Proprietary Departments by transfer or promotion from within the City workforce.

The CAO shall report to the Mayor and Council by mid-year on the status of implementation of this provision.

Part Time Workforce

It is recognized that furloughs were not intended to affect half time/part time workers. The savings generated through the shared sacrifice of the part time workforce will be utilized, to

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the extent that savings are available, to preserve or expand the hours and services provided by those workers.

The implementation of this provision will be discussed with each affected department including the Library Department, the Department of Recreation and Parks, the Zoo Department, the Department of Cultural Affairs, the Los Angeles Convention Center, and the Department of Transportation.

Reduced Work Schedules

Notwithstanding any provisions in existing Coalition MOUs or the Los Angeles Administrative Code, the parties agree that the regular work schedules of full-time employees in Coalition-represented classes will be 76.5 hours per payperiod commencing the first day of payperiod 10 (October 25, 2009) and ending the last day of payperiod 26 (June 19, 2010).

Employees eligible for overtime pursuant to the affected Coalition MOU, shall continue to be credited only after 40 hours of compensated time in a workweek.

If, due to operational necessity, an FLSA non-exempt employee on a reduced work schedule is assigned by Management to work more than 76.5 hours in any payperiod, his/her work hours shall be reduced in future payperiods so that the employee's work hours have been reduced for a total of 59.5 hours between October 25, 2009 and June 19, 2010.

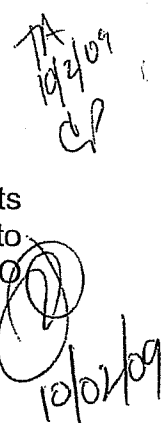
There is no intent to change alternative work schedules where they remain operationally feasible.

72-Hour Alternative Work Schedules

Los Angeles Administrative Code Section 4.117 permits the continuation of full-time benefits to employees who voluntarily reduce their number of hours worked (and paid) from 80 to not less than 72. Departments are encouraged to approve all requests for reduced schedules. Denials of such requests must be sent to the Employee Relations Division of the CAO for review.

Bonus Calculation

Effective the start of the payperiod following Council approval of the MOU Amendments implementing this Agreement, each salary bonus paid pursuant to a Coalition MOU and/or the Los Angeles Administrative Code shall be calculated on the base salary rate for the affected employee.

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Compensated Time Off

Effective the start of the payperiod following City Council approval of the MOU amendments implementing this Agreement and ending June 30, 2010, employees may accumulate up to 240 hours of compensatory time off (CTO). Management may require employees to use CTO at any time prior to June 30, 2010.

Annual Sick Leave Payout

Notwithstanding Section 4.126, subsection (b) of the LAAC, any sick leave at full pay remaining unused at the end of the 2009 calendar year, which, if added to an employee's accumulated sick leave at full pay, will exceed 800 hours, shall be compensated at 50% of the employee's salary rate in effect as of December 31, 2009, with payment made to the employee during the 2010-11 fiscal year.

Employee Contributions to Retirement

Effective the start of the payperiod following City Council approval of the MOU amendments implementing this Agreement through June 30, 2011, for employees hired prior to January 1, 1983, the Beta Retirement Formula shall be continued and a flat-rated employee retirement contribution of six percent (6%) shall be implemented. For employees hired January 1, 1983 and thereafter, the Beta Retirement Formula and a flat-rated employee retirement contribution of six percent (6%) shall be continued.

Effective July 1, 2011, for all employees regardless of their date of hire, the Beta Retirement Formula shall be continued and a flat-rated employee retirement contribution of 7.0 percent (7.0%) shall be implemented, in accordance with Section 8 of the Early Retirement Incentive Program Letter of Agreement.

Bar Dues

The City's payment of bar dues/fees under Article 31 of MOU 29 shall be deferred until August 2010.

Tracking Coalition Generated Savings

The parties agree that if average ERIP savings exceed five months (150 days) per ERIP participant (who filed for retirement during the ERIP eligibility window), and/or if the amount generated by transferring General Fund employees to Special Fund and proprietary department vacancies exceeds \$6.5 million during the period commencing September 20, 2009 and ending June 30, 2010, then General Fund savings generated by these occurrences will be credited as one-time savings, either as credits or available cash. No later than November 1, 2009, the parties agree to mutually develop the specific implementing provisions of this section, including how the credits will be tracked and calculated, define "credits" and "available cash" and their appropriate use, as well as all other implementing provisions.

For the Coalition of LA City Unions

For the City of Los Angeles

Cheryl Parisi, Executive Director
AFSCME District Council 36

Miguel A. Santana
City Administrative Officer

Date

Date

Julie Butcher
SEIU Local 721

Date

Victor Gordo, Secretary-Treasurer
LIUNA, Local 777

Date

Robbie Hunter, Council Representative
LA/Orange County Building & Construction Trades Council

Date

Lance Bedolla, Business Representative
IUOE, Local 501

Date

Carlos Rubio
Teamsters Local 911

Date

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ATTACHMENT 1

COALITION OF UNIONS GENERAL FUND SAVINGS TARGET	\$78.0 Million
Increase Compensated Time Off Bank to 240 hours	\$22.1 Million
Defer ERIP Cash Payout to Next Two Fiscal Years (2010-2011 and 2011-2012)	\$24.6 Million
Defer 2010 Excess Sick Leave Payout to FY 2010-11	\$1.8 Million
76.5 Hour Work Schedule for 17 pay periods	\$18.5 Million
Eliminate Bonus Compounding	\$0.6 Million
72-Hour Voluntary Alternative Work Schedule (2% of Coalition Full-Time Workforce)	\$0.8 Million
Defrayal Elimination	\$2.6 Million
Utilize ERIP/COLA Deferral Savings from Special Funds/Proprietary Department Funds	\$6.5 Million
Defer 2010 Bar Dues to August 2010	\$0.25 Million
TOTAL SAVINGS IDENTIFIED	\$77.8 Million
REMAINING BALANCE	\$0.2 Million


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