

**Side Letter Between
the City of Emeryville and the Management of Emeryville Services Authority
and
the Confidential Administrative Managerial Professional (CAMP) Employees**

This Side Letter is entered into by and between the City of Emeryville ("City"), the Management of Emeryville Services Authority ("MESA") and the Confidential Administrative Managerial Professional ("CAMP"), hereafter referred to as "parties". Following the determination of the Internal Revenue Service ("IRS") that MESA employees are common law employees of the City and that their compensation constitutes wages for Social Security tax purposes, the parties have met and conferred over implementation of the IRS' determination for those MESA employees represented by the Union.

By way of background, the governing tax laws prevent the IRS from collecting unpaid taxes for 2018 and earlier years. To settle the unpaid Social Security taxes for 2019-2021, the City made a one-time payment to the IRS, thereby absolving MESA employees of paying any Social Security taxes for those years. For tax years 2022, 2023 and January 1, through February 26, 2024, the City is negotiating with the IRS to forgive or reduce Social Security taxes owed for those years. Irrespective of the outcome of those negotiations, the City will fully cover the back taxes due for 2022, 2023 and January 1, through February 26, 2024, again absolving MESA employees of paying the employees' share for that time period. From February 27, 2024 and going forward, the City will require MESA employees represented by the Union to pay their share of Social Security taxes, as follows:

To comply with the IRS' determination, the City will ensure that MESA employees' compensation paid effective February 27, 2024 will be reported as Social Security wages and subject to the required Social Security tax on those wages. Payment of the employees' share of that tax, which is six and two tenths per cent (6.2%) of wages per pay period, will be paid by the City for the period of February 27, 2024 through June 15, 2024. For this period only, employees will be responsible for paying the required federal and state withholding tax on the 6.2% employee contribution paid by the City. Effective for the pay period beginning on June 16, 2024, bargaining unit employees will pay the 6.2% employee Social Security tax through a direct payroll deduction administered by the City.


In addition, for those CAMP bargaining unit members employed by the City as of June 16, 2024, and who remain employed through September 21, 2024, the City will provide each employee a one-time, non-pensionable lump sum payment of twenty-five hundred dollars **(\$2,500.00)**, to be paid by the City on September 27, 2024.

This Side Letter is hereby incorporated by reference into the existing labor agreement by and between the City/MESA and CAMP and shall carry forward as part of that labor agreement, subject to the parties' negotiations over a successor labor contract.

For the City:

 08/23/2024

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Richard C. Bolanos, Chief Negotiator

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Lilybell Nakamura, Human Resources Director

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Pedro Jimenez, Assistant City Manager

For CAMP:

 08/22/2024

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Josie Ahrens, President

 08/22/2024

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Chad Smalley, Secretary