

June 22, 2009

Sandra Spagnoli/Michael Alvarez
Senior Management Employee Group

**RE: SIDE LETTER #2 TO AGREEMENT BETWEEN THE CITY OF BENICIA
AND THE SENIOR MANAGEMENT EMPLOYEES FOR THE PERIOD
7/1/06 – 6/30/10**

Dear Sandra and Michael:

Consistent with our discussions, this letter is to confirm and memorialize the agreements between the City and the Senior Management Employees Group regarding setting salary for a Senior Manager in the event two existing departments are merged or combined under the leadership of a single department head.

Specific provisions of the current Agreement between the City and the Senior Management Employees will be amended as outlined below:

II. **COMPENSATION**

D. Salary Upon the Merger of Two Existing City Departments

The City agrees to set the salary for a Department Head who is taking over responsibility for a second separate and distinct Department through merger in a manner that is consistent with the existing pay plan and that recognizes the increased level and scope of responsibility to be undertaken. Market salary survey data will be collected as set forth in Section XIII of this Agreement. If there is insufficient market data to set the salary for the combined function based on the external market, the salary for the Department Head responsible for the merged departments will be set internally, using the following criteria:

To the extent it is identified that the size of the staff and the budget will increase appreciably under the merger; and to the extent that there is a significant increase in the impact of independent administrative and managerial decisions related to regulatory compliance and/or reporting, that decisions have

high-profile internal and external financial and political impacts, and that decisions carry increased organizational risk, it is agreed that the salary for the Department Head of the merged Department will be set 10% above the salary of the higher of the two Department Heads most recently charged with the merged functions. An increase in size of staff and in budgetary responsibilities alone will not be a sufficient basis for a salary adjustment under this section.

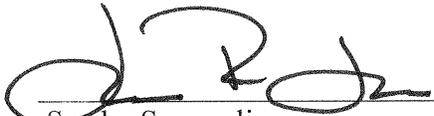
It is agreed that the salary of any Department Head remunerated under this section will be evaluated in conjunction with established salary surveys for the Senior Management Group.

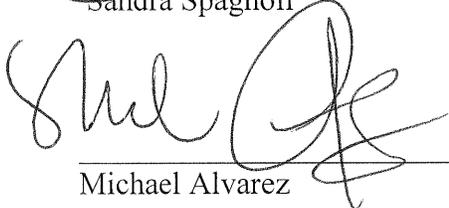
All other terms and conditions set forth in the Agreement remain unchanged.

By signature below, the parties confirm agreement on the preceding provisions.

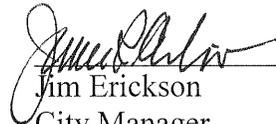
Dated: 6/24/09

**BENICIA SENIOR MANAGEMENT
GROUP**


Sandra Spagnoli


Michael Alvarez

CITY OF BENICIA


Jim Erickson
City Manager

Approved as to form:


CITY ATTORNEY