

1 IN THE UNITED STATES DISTRICT COURT
 2 FOR THE NORTHERN DISTRICT OF CALIFORNIA

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 4
 5 FREDA J. DUFF-BROWN, et al.,

6 Plaintiffs,

7 v.

8 CITY AND COUNTY OF SAN
 9 FRANCISCO,

10 Defendant.

NO. C11-3917 TEH

ORDER RE CROSS-MOTIONS
FOR SUMMARY JUDGMENT

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 12 This case, concerning the hospitals exemption under the Fair Labor Standards Act
 13 (“FLSA”), came before the Court on November 26, 2012 on Plaintiffs’ motion for partial
 14 summary judgment and Defendant’s motion for summary judgment. Having carefully
 15 considered the parties’ oral and written arguments, the Court now DENIES Plaintiffs’ motion
 16 and GRANTS IN PART and DENIES IN PART Defendant’s motion.

17
 18 **BACKGROUND**

19 Plaintiffs, present and former employees at the San Francisco Behavioral Health
 20 Center (“BHC”), bring this action for unpaid overtime compensation under the FLSA. The
 21 FLSA requires that employees be paid one and a half times their base hourly rate for every
 22 hour they work above 40 in a given seven-day period. 29 U.S.C. § 207(a)(1). An exemption
 23 from this requirement permits certain hospitals to reach an agreement with their employees to
 24 substitute a 14-day base period for purposes of overtime compensation, in lieu of the seven-
 25 day period, and to pay overtime only for hours worked above 80 in a 14-day period. *Id.* §
 26 207(j). The central question in this case is whether such an agreement was reached in 2004
 27 between the Unions representing Plaintiffs and the San Francisco Department of Public
 28 Health (“City” or “DPH”).

1 In May and June of 2004, when the City was in the process of reconfiguring its
2 Mental Health Rehabilitation Facility (“MHRF”) into the BHC, it held a series of “meet and
3 confer” meetings with the Unions representing the workers.¹ See Exh. A to Thomas Decl.
4 (Dkt. No. 36-4) (“meet and confer notes” or “notes”) at CCSF 000482-000499. The
5 undisputed evidence from these meetings shows the following:

6 At the June 2 meeting, DPH proposed a staffing schedule providing for five-day,
7 forty-hour work weeks for the employees. Notes (Dkt. No. 36-4) at CCSF 000486; Thomas
8 Decl. ¶ 7. Prior to the reconfiguration, the employees had had alternating weekends off; they
9 objected to the proposed schedules because the forty-hour work weeks eliminated their
10 alternating weekends off. Notes at CCSF 000486; Exh. B to Houston Decl. at CCSF 000477;
11 Sims Decl. ¶¶ 7-8; Thomas Decl. ¶ 7. Following this objection, City negotiator Bob Thomas
12 explained that the City proposed that schedule in order to comply with the FLSA. Notes at
13 CCSF 000486; Thomas Decl. ¶ 8. There is a dispute in the record as to whether the Union
14 made a scheduling counter-proposal on June 2 or whether that counter-proposal did not
15 happen until June 10. Compare Thomas Decl. ¶ 8 (Union proposed its schedule on June 2),
16 with notes at 000486 (no mention of Union counterproposal on June 2), *id.* at 000493 (Union
17 representative Bevan distributed his schedule on June 9).

18 At the next meeting on June 7, Union representative Kim Tavaglione stated that “she
19 checked with her attorney, Ann Yen, who said that employees at the MHRF can waive their
20 overtime and they can have every other weekend off.” Notes at CCSF 000488; *see also*
21 Thomas Decl. ¶ 8; Wicher Decl. ¶ 9; Sims Decl. ¶ 9; Houston Decl. ¶ 9; P’s Reply at 1.
22 Thomas then stated “Kim’s attorney should speak with our attorney, Martin Gran,” and Kim
23 stated “Employee[s] should sign waiver during the bidding process.” June 7 notes at CCSF
24 000488.

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27 ¹The employees were represented by several different Unions at that time, which opted to
28 meet and confer as a group. Exh. B to Thomas Decl. at CCSF 000476. There is no dispute in this
case about whether the representatives at the negotiations were authorized to speak for all of the
employees.

1 At the next meeting on June 9, Union representative Larry Bevan “prepared a
2 schedule that [the Union] believes provides coverage where management needs it. [He]
3 [d]istributed [it] to everyone.” Notes at CCSF 000493; Exh. B to Houston Decl. at CCSF
4 000478. The schedule was “a hybrid schedule, similar to ones used in the past at the
5 MHRF.” Notes at CCSF 000493. Larry stated that “This schedule . . . meets the coverage
6 needs, but not necessarily the FLSA needs.” Notes at CCSF 000493; Exh. B to Houston
7 Decl. at CCSF 000478. Bob Thomas then stated: “FLSA has a separate license and if we go
8 to the 80-hour week [sic], we won’t have the FLSA problem that we would have with a 40-
9 hour week.” Notes at CCSF 000493. Thomas, the City negotiator, concluded the discussion
10 of schedules by saying “We will look at Larry’s proposed schedule for coverage. With his
11 schedule, we don’t have to worry about FLSA any longer.” *Id.*

12 On June 14, DPH and the Unions accepted a revised version of the schedules. Ex. B.
13 to Houston Decl. at CCSF 000479; Ex. B. to Thomas Decl. at CCSF 000503. Under these
14 schedules, the employees worked a recurring cycle of 32 hours one week and 48 hours the
15 next (“32/48 schedules”). Duff-Brown Decl. ¶ 2; Lim Decl. ¶ 2. On July, 22, 2004, after the
16 negotiations had concluded, the City sent a memorandum to the Union representatives
17 summarizing the issues discussed during the meet and confer process. Exh. B. to Houston
18 Decl. at CCSF 000476.

19 The employees were never given waivers to sign. They went to work according to the
20 32/48 schedules and were never paid overtime for the eight hours above 40 during the 48-
21 hour weeks. Lim Decl. ¶ 2; Duff-Brown Decl. ¶ 2. In 2009, Plaintiffs discovered that
22 employees with the same job classification at other San Francisco facilities were being paid
23 overtime. Duff-Brown Decl. ¶ 4; Lim Decl. ¶¶ 5-6. Plaintiff-employee Dennis Lim filed a
24 complaint with the Department of Labor (“DOL”).² Lim Decl. ¶ 12. The DOL’s Wage and
25 Hour division investigated and determined, with little reasoning, that “Under 7(j) [sic] of the
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27 ²Defendant requests that the Court take Judicial Notice of certain DOL documents. D’s MSJ
28 at 6 n.22. Finding that the DOL documents are “not subject to reasonable dispute” under Federal
Rule of Evidence 201(b), the Court GRANTS the request. *See Farris v. County of Riverside*, 667 F.
Supp. 2d 1151, 1155 (C.D. Cal. 2009) (taking judicial notice of DOL Letter Ruling).

1 Act, the employer and the employee were in an agreement/understanding of the work
2 schedule before the employees performed the work. . . . A work period of fourteen
3 consecutive days for purposes [sic] is accepted in lieu of the workweek of seven consecutive
4 days for purposes of overtime computation.”³ Exh. B to Bond Decl. (Dkt. No. 36) at 13.⁴

5 Plaintiffs filed this action for unpaid overtime compensation and seek summary
6 judgment on Defendant’s liability for unpaid overtime compensation and on Plaintiffs’
7 eligibility for liquidated damages. Defendant cross-moves for summary judgment on
8 liability, claiming that it was operating under the § 207(j) exemption based on an agreement
9 made in 2004 between the City and the Unions to use a base period of 14-days for purposes
10 of overtime computation. Defendant also seeks summary judgment on the applicable statute
11 of limitations period.

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13 **LEGAL STANDARD**

14 Summary judgment is appropriate when “there is no genuine dispute as to any
15 material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P.
16 56(a). Material facts are those that may affect the outcome of the case. *Anderson v. Liberty*
17 *Lobby, Inc.*, 477 U.S. 242, 248 (1986). A dispute as to a material fact is “genuine” if there is
18 sufficient evidence for a reasonable jury to return a verdict for the nonmoving party. *Id.* The
19 court may not weigh the evidence and must view the evidence in the light most favorable to
20 the nonmoving party. *Id.* at 255.

21 A party seeking summary judgment bears the initial burden of informing the court of
22 the basis for its motion, and of identifying those portions of the pleadings or materials in the

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25 ³Defendant argues that “the DOL’s interpretation of the statute is entitled to
26 deference.” D’s Opp’n at 10 (citing cases). Defendant does not argue that the DOL’s
27 Wage and Hour report constitutes the DOL’s “interpretation of the statute,” and the Court
finds that the report, as a factual investigation, is not entitled to agency deference under
Defendant’s cases. *See, e.g., Auer v. Robbins*, 519 U.S. 452 (1997).

28 ⁴ Both the declaration of Ruth Bond and the supporting exhibits are lodged as Docket No. 36.
The exhibits are not internally paginated. The Court therefore uses the pdf page numbers for
citation purposes.

1 record that demonstrate the absence of a genuine issue of material fact. *Celotex Corp. v.*
2 *Catrett*, 477 U.S. 317, 323 (1986). Where the moving party will have the burden of proof at
3 trial, it “must affirmatively demonstrate that no reasonable trier of fact could find other than
4 for the moving party.” *Soremekun v. Thrifty Payless, Inc.*, 509 F.3d 978, 984 (9th Cir. 2007).
5 However, on an issue for which its opponent will have the burden of proof at trial, the
6 moving party can prevail merely by “pointing out to the district court . . . that there is an
7 absence of evidence to support the nonmoving party’s case.” *Celotex*, 477 U.S. at 325. If
8 the moving party meets its initial burden, the opposing party must then set out specific facts
9 showing a genuine issue for trial to defeat the motion. *Anderson*, 477 U.S. at 250.

10 When parties submit cross-motions for summary judgment, each motion must be
11 considered on its own merits. *Fair Housing Council of Riverside County, Inc. v. Riverside*
12 *Two*, 249 F.3d 1132, 1136 (9th Cir. 2001). “‘The court must rule on each party’s motion on
13 an individual and separate basis, determining, for each side, whether a judgment may be
14 entered in accordance with the Rule 56 standard.’ In fulfilling its duty to review each cross-
15 motion separately, the court must review the evidence submitted in support of each cross-
16 motion.” *Id.* (citation omitted).

18 **DISCUSSION**

19 A. Applicable Law

20 The exemption set forth in section 207(j) provides that certain hospital facilities “shall
21 not be deemed to have violated subsection (a) of this section [requiring overtime pay for
22 hours above 40 in a seven-day period] if, pursuant to an agreement or understanding arrived
23 at between the employer and the employee before performance of the work, a work period of
24 fourteen consecutive days is accepted in lieu of the workweek of seven consecutive days for
25 purposes of overtime computation” 29 U.S.C. § 207(j).

26 The regulations implementing § 207(j) provide that:

27 The agreement or understanding between the employer and
28 employee to use the 14-day period for computing overtime . . .
may be arrived at directly with the employee or through his
representative. It need not be in writing, but if it is not, a

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special record concerning it must be kept as required by part 516 of this chapter.

29 CFR § 778.601(c). The agreement must be entered into before the work begins and with the intent to use such a period permanently or for a substantial period of time. *Id.*

Part 516.23 requires hospitals using the § 207(j) exemption to keep “A copy of the agreement or understanding with respect to using the 14–day period for overtime pay computations or, if such agreement or understanding is not in writing, a memorandum summarizing its terms and showing the date it was entered into and how long it remains in effect.” 29 C.F.R. § 516.23(b).

Exemptions under the FLSA “are to be narrowly construed against the employers seeking to assert them and their application limited to those establishments plainly and unmistakably within their terms and spirit.” *Arnold v. Ben Kanowsky, Inc.*, 361 U.S. 388, 392 (1960); *see also Auer v. Robbins*, 519 U.S. 452, 462 (1997) (exemptions “are to be withheld except as to persons ‘plainly and unmistakably within their terms and spirit.’” (citation omitted)); *Service Employees Intern. Union, Local 102 v. County of San Diego*, 60 F.3d 1346, 1350 (9th Cir. 1994).

The parties dispute whether Defendant must prove that it qualifies for the exemption by a preponderance of the evidence or by clear and convincing evidence. *See* Ps’ Motion (“MSJ”) at 5; D’s Opp’n at 7. Plaintiffs cite *Donovan v. United Video, Inc.*, 725 F.2d 577, 581 (10th Cir. 1984), for the proposition that a defendant must prove the application of a FLSA exemption by clear and convincing evidence. Ps’ MSJ at 5. However, the Tenth Circuit recently revisited *Donovan* and clarified that “a court must find that the claimed exemption falls ‘plainly and unmistakably’ within the terms of the statute[,]” but that “the ordinary burden of proof—preponderance of the evidence—controls the jury’s evaluation of whether the facts establish an exemption to the FLSA.” *Lederman v. Frontier Fire Prot., Inc.*, 685 F.3d 1151, 1157-58 (10th Cir. 2012); *accord, Yi v. Sterling Collision Centers, Inc.*, 480 F.3d 505, 506-08 (7th Cir. 2007) (“nothing in the [FLSA], the regulations under it, or the law of evidence justifies imposing a requirement of proving entitlement to the exemption by ‘clear and affirmative evidence.’”). The Court agrees that the burden of proof at trial in this

1 case is the preponderance standard applicable in federal civil cases generally. *See Yi*, 480
2 F.3d at 507.

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4 B. Liability

5 At the heart of this dispute is the question of whether the City reached an agreement
6 with the Union in 2004 to adopt a 14-day period for purposes of overtime computation,
7 thereby waiving the employees’ right to receive overtime pay during the 48-hour work
8 weeks. Black’s dictionary defines “agreement” as “1. A mutual understanding between two
9 or more persons about their relative rights and duties regarding past or future performances; a
10 manifestation of mutual assent by two or more persons.” Black’s Law Dictionary (8th ed.).
11 Both parties took the position at the hearing that contract law principles apply to this
12 determination.

13 California contract law reflects the same central element as the dictionary definition:
14 “An essential element of any contract is the consent of the parties, or mutual assent.”
15 *Donovan v. RRL Corp.*, 26 Cal. 4th 261, 270 (2001) (citing Cal. Civ. Code §§ 1550 & 1565).
16 In other words,

17 There is no contract until there is mutual consent of the parties.
18 . . . Mutual consent necessary to the formation of a contract is
19 determined under an objective standard applied to the outward
20 manifestations or expressions of the parties, i.e., the reasonable
meaning of their words and acts, and not their unexpressed
intentions or understandings.

21 *Deleon v. Verizon Wireless, LLC*, 207 Cal. App. 4th 800, 813 (2012) (internal quotation
22 marks and citations omitted).

23 This central question, whether there was a meeting of the minds, is a mixed question
24 of law and fact. *See id.* (“Although mutual consent is a question of fact, whether a certain or
25 undisputed state of facts establishes a contract is a question of law for the court.”). Although
26 the evidence in this case is largely agreed upon, the parties dispute whether the facts support
27 an inference that a meeting of the minds – and therefore an agreement – was reached.
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1 **1. Plaintiffs' Motion**

2 Plaintiffs ask the Court to find that Defendant has not proven that an agreement was
3 reached, either in writing or orally, and that even if an agreement was reached orally, it did
4 not comply with the regulations requiring that a record be kept summarizing the contents of
5 the agreement. The Court finds that there was no written agreement; that a genuine dispute
6 of fact precludes entry of judgment as to whether an agreement was reached orally, and that
7 any record-keeping violation does not preclude Defendant from fitting within the exemption
8 if, in fact, there was an agreement to adopt the fourteen-day base period.

9 Agreement in writing

10 First, Plaintiffs argue there was no agreement in writing under 29 C.F.R. §§ 516.23
11 and 778.601(c). Defendant offers the July 22, 2004 memorandum it circulated summarizing
12 the Meet and Confer discussions as such an agreement. D's Opp'n at 8; *see* Ex. B to
13 Houston Decl. at CCSF 00476 (July 22, 2004 memorandum). However, Defendant shows no
14 more than that it wrote this memorandum and mailed it to the Union representatives; it has
15 produced no evidence of the Union's assent to the terms of the memorandum. The July 22
16 memorandum, to be sure, may serve as evidence of what the parties agreed to orally during
17 the negotiations, but it can not itself serve as a contract or agreement in writing.

18 Oral agreement

19 Second, Plaintiffs argue that the evidence of the 2004 meet and confer negotiations is
20 insufficient to show that the Union representatives agreed to waive their members' right to
21 overtime for hours worked above 40 during alternating work weeks. The Court views the
22 evidence in a light most favorable to Defendant as the non-moving party and concludes that
23 the evidence from the meet and confer meeting is sufficient to permit a reasonable jury to
24 infer that an agreement was reached.

25 At the June 2 meeting, City negotiator Bob Thomas stated that the City proposed the
26 40-hour work-week schedules in order to comply with the FLSA. Notes at CCSF 000486.
27 The Union objected to losing weekends off. Thomas "made it clear that the City would not
28 agree to schedules that would require it to pay eight hours of overtime for each week

1 employees worked 48 hours because of the substantial cost to DPH.” Thomas Decl. ¶ 8.
2 After Union representative Larry Bevan distributed his proposed schedule on June 9, Thomas
3 talked about the FLSA issue and stated “With [Larry’s] schedule, we don’t have to worry
4 about FLSA any longer.” Notes at CCSF 000493.

5 The Court finds that from the totality of the circumstances, from the Union’s desire to
6 get weekends off, from Thomas’s statements on both June 2 and June 9, and the Union’s
7 counterproposal of 32/48 schedules, a jury could reasonably infer that the Union agreed to
8 adopt the 14-day period for purposes of overtime computation, either on June 2 --
9 particularly if the Union counter-proposed a 32/48 hour schedule at that time -- or on June 9
10 when it counter-proposed a 32/48 schedule.⁵

11 Finding a genuine dispute of material fact as to whether the Union and the City
12 reached an agreement during the meet and confer meetings, the Court DENIES Plaintiffs’
13 motion for summary judgment as to Defendant’s liability.

14 Record satisfying 29 CFR 778.601, 516.23

15 Finally, Plaintiffs argue that even if an agreement was reached orally during the
16 negotiations, Defendant cannot meet the terms of the § 207(j) exemption because it did not
17 maintain a record as required under 29 C.F.R. § 516.23. Ps’ MSJ at 17. Because there is no
18 private right of action to enforce the FLSA’s record-keeping provisions, and no right to

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20 ⁵ Plaintiffs raise the additional argument that California law precludes the operation of any
21 oral agreement on these facts because California requires agreements setting conditions for public
22 sector employees to be approved by the Board of Supervisors in order to become binding. Ps’ MSJ
23 at 17-18; Ps’ Opp’n at 15 (citing Cal. Gov’t Code § 3505.1; *Glendale City Employees Assn. v. City
24 of Glendale*, 15 Cal. 3d. 328 (1975)). The argument is not persuasive. The Meyers Millias Brown
25 Act (“MMBA”) requires the governing body of a public agency to meet and confer in good faith
26 with Unions regarding terms and conditions of employment. Cal. Gov’t Code § 3505. It also
27 provides that if an “agreement is reached by the representatives of the public agency and a
28 recognized employee organization,” the agreement does not become binding until embodied in a
memorandum of understanding and presented to the “governing body.” *Id.* § 3505.1. However,
none of Plaintiffs’ cases stand for the proposition that *any* agreement between management and
public employees must be ratified by the Board of Supervisors to become operative. *See, e.g.,
Glendale City*, 15 Cal. 3d. 328, 332 (memorandum of understanding setting employees’ salaries,
once ratified, was binding). Nor is the Court willing to rule that the City’s failure to produce a
recording of the agreement for Plaintiffs’ inspection precludes application of the § 207(j) exemption,
see Ps’ MSJ at 18; such a step would raise significant concerns of state and federal law. *Cf. SEIU v.
San Diego*, 60 F.3d at 1353 (invalidating DOL’s interpretation under white collar exemption where
that interpretation “clearly conflicted with congressional intent that public sector employers be able
to claim [the exemption]”).

1 monetary damages even if there were, the Court finds that even if the July 22, 2004
2 memorandum fails to comply with the regulations, such failure on its own does not entitle
3 Plaintiffs to a judgment as to liability.

4 The FLSA’s record-keeping provisions are enforced through FLSA § 217.⁶
5 “Authority to enforce the Act’s recordkeeping provisions is vested exclusively in the
6 Secretary of Labor.” *Elwell v. Univ. Hospitals Home Care Services*, 276 F.3d 832, 843 (6th
7 Cir. 2002); *see also East v. Bullock’s Inc.*, 34 F. Supp. 2d 1176, 1183 (D. Ariz. 1998) (no
8 private right of action to enforce record-keeping provisions; collecting cases); *Lopez v. Tri-*
9 *State Drywall, Inc.*, 861 F. Supp. 2d 533, 537 (E.D. Pa. 2012) (same). In light of the fact that
10 Plaintiffs could not seek to enforce the record-keeping provisions in the absence of a
11 substantive violation of the FLSA, the Court finds that Plaintiffs are not entitled to summary
12 judgment on the ground that the record kept by Defendant was insufficient.

13 2. Defendant’s Motion

14 In ruling on Defendant’s motion, the Court views the evidence in a light most
15 favorable to Plaintiffs and finds that a reasonable jury could conclude either that no
16 agreement was reached or that the City failed to carry its burden to prove one.

17 Kim Tavaglione stated at the June 7 meeting that she had checked with her attorney
18 who said that “employees at the MHRF can waive their overtime and they can have every
19 other weekend off.” CCSF 000488. To this Bob Thomas replied “Kim’s attorney should
20 speak with our attorney,” and Tavaglione concluded that the employees “should sign [a]
21 waiver during the bidding process.” *Id.* From this, a jury could infer that Tavaglione meant
22 that *in order for the employees to actually waive their overtime*, they should sign waivers
23 during the bidding process. This interpretation would defeat the element of assent necessary
24 for Defendant to show that she actually agreed to waive the overtime on the employees’
25 behalf at that moment. Regarding the July 9 exchange, Larry Bevan’s statement when he

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27 ⁶ Section 217 vests in the district court “jurisdiction . . . to restrain violations of section 215
28 of this title” 29 U.S.C. § 217. Section 215(a)(5) incorporates § 211(c), containing the record-
keeping provision. *See Elwell v. Univ. Hospitals Home Care Services*, 276 F.3d 832, 843 (6th Cir.
2002).

1 proposed the schedule that it did not necessarily meet the FLSA needs, Notes at CCSF
2 000493, is sufficient to raise a dispute as to whether or not he was agreeing to waive
3 overtime at that moment. A jury could infer from Bevan’s statement that he did not think he
4 was waiving the employees’ overtime. If he did not intend to waive the overtime, there was
5 no assent from the Union and therefore no agreement.

6 Finding a genuine dispute as to whether there was mutual assent by both sides to
7 adopt a 14-day base period, thereby waiving the employees’ right to receive overtime pay
8 during the 48-hour weeks, the Court DENIES Defendant’s motion as to liability.

9 10 C. Damages

11 The parties also present several claims regarding damages. Defendant seeks summary
12 judgment as to the applicable statute of limitations, and Plaintiffs seek summary judgment as
13 to an award of liquidated damages under 29 U.S.C. § 216(b). The Court GRANTS the
14 former request as unopposed and declines to rule on liquidated damages at this time, in light
15 of its denial of summary judgment on liability.

16 **1. Defendant’s Motion with Regard to Statute of Limitations**

17 A two-year statute of limitations period applies to civil actions to enforce FLSA’s
18 provisions unless a Defendant’s violation of the FLSA was willful. 29 U.S.C. § 255(a);
19 *McLaughlin v. Richland Shoe Co.*, 486 U.S. 128 (1988). However, Plaintiffs do not seek to
20 apply the extended limitations period for willful violations. *See* Ps’ MSJ at 1, 19 (seeking
21 “an accounting for the period commencing two (2) years prior to the date of filing of the
22 Complaint this action”). The Court therefore GRANTS as unopposed Defendant’s motion to
23 apply the two-year statute of limitations.

24 **2. Plaintiffs’ Request for Liquidated Damages**

25 Plaintiffs seek an award of liquidated damages under 29 U.S.C. § 216(b) (“Any
26 employer who violates the provisions of section 206 or section 207 of this title shall be liable
27 to the employee or employees affected in the amount of their unpaid minimum wages, or
28 their unpaid overtime compensation, as the case may be, and in an additional equal amount

1 as liquidated damages.”). Because the Court has denied summary judgment as to liability, it
2 need not rule on damages at this time.

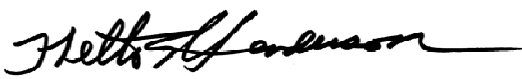
3 The Court notes, however, that the decision whether to award liquidated damages is a
4 matter within the Court’s discretion if “the employer shows to the satisfaction of the court
5 that the act or omission giving rise to [the FLSA action] was in good faith and that [the
6 employer] had reasonable grounds for believing that his act or omission was not a violation
7 of the Fair Labor Standards Act of 1938.” 29 U.S.C. § 260. The Court is inclined, based on
8 the record at this time, to think that Defendant acted in good faith and had reasonable
9 grounds for believing the Union had agreed to adopt the 14-day period for purposes of
10 overtime compensation, even if a jury ultimately finds that there was no agreement.
11 Plaintiffs could, of course, produce evidence at trial to suggest otherwise.

12
13 **CONCLUSION**

14 Because the Court finds there is a disputed issue of fact as to the central question
15 whether an agreement was reached during the 2004 negotiations, the Court DENIES both
16 motions as to Defendant’s liability under the FLSA. Regarding damages, the Court
17 GRANTS Defendant’s motion as to the limitations period and declines to enter any ruling at
18 this time on the issue of liquidated damages, interest, or fees.

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20 **IT IS SO ORDERED.**

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22 Dated: 1/15/13

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25 THELTON E. HENDERSON, JUDGE
26 UNITED STATES DISTRICT COURT
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