

**COMPENSATION AND BENEFITS PLAN**  
**FOR**  
**CITY OF FOSTER CITY/  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT**  
**MANAGEMENT EMPLOYEES**

**Effective July 1, 2017**

**AND**

**Expires June 30, 2019**

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FISCAL YEAR 2017 – 2019  
COMPENSATION AND BENEFITS PLAN  
FOR  
CITY OF FOSTER CITY/  
ESTERO MUNICIPAL IMPROVEMENT DISTRICT  
MANAGEMENT EMPLOYEES

The City of Foster City/Estero Municipal Improvement District (hereinafter called "City/District") provides the following wages, hours, and other terms and conditions of employment to its Management Group (hereinafter called "Management Group," "Management Employees", or "Employees") as described in this Compensation and Benefits Plan (hereinafter called the "Plan").

ARTICLE I  
WAGES AND BENEFITS

Section 1 - Wages

- 1.1 Effective July 1, 2017, wages for the Management classes and the monthly pay ranges and steps shall be as established in Attachment A. The wages listed in Attachment A reflect an increase by an amount equal to three and one half percent (3.5%) of the FY 2016-2017 Pay Plan wages for the Management classes..
- 1.2 Effective July 1, 2018, wages for the Management classes and the monthly pay ranges and steps shall increase by an amount equal to three and one half percent (3.5%) of the July 1, 2017 wages.
- 1.3 Effective July 1, 2017, wages for the Assistant City Manager (1.42% increase), Human Resources Analyst (0.70% increase) and Public Works Maintenance Manager (0.85% increase) classifications will be equitably adjusted to fall within the band of competitiveness for each classification based on the 2017 salary surveys.
- 1.4 Effective July 1, 2017, wages for the Accounting Manager (10.11% increase), Assistant Finance Director (3.2% increase) and Engineering Manager (formerly Senior Civil Engineer) (2.58% increase) classifications will be adjusted to avoid compaction and maintain a minimum five percent (5%) differential between the named classifications and the other Management classifications. Effective July 1, 2017, wages for the City Clerk/Communications Director (13.36% increase) classification will be adjusted to acknowledge additional job duties and avoid compaction between the named classification and the Other Management classifications. Effective July 1, 2017, wages for the Police Captain (0.56% increase) and Police Lieutenant (0.56% increase) classifications will be adjusted to avoid compaction and maintain a minimum five percent (5%) differential

between the Police Safety Management classifications and the Police Safety classifications.

**Section 2 - Retirement**

2.1 The City/District contracted with the Public Employees Retirement System (P.E.R.S.) to provide the 2.7% @ 55 retirement plan for miscellaneous Employees effective October 1, 2007. Effective January 1, 2013, the City/District no longer offered the 2.7% @ 55 retirement benefit formula to new Employees. All miscellaneous Employees hired on or before December 31, 2012 will continue to be afforded the 2.7% @ 55 retirement benefit formula. Effective January 1, 2013, the Public Employees Pension Reform Act (PEPRA) requires new miscellaneous Employees to enroll in the 2% @ 62 retirement tier with pension calculated based on the average highest annual compensation over a consecutive 36-month period. This new retirement tier applies only to a new member. A new member is (a) someone who has never been in P.E.R.S. or a reciprocal retirement system or (b) someone previously in P.E.R.S. or a reciprocal retirement system, but who has a gap of at least six (6) months since being covered by any of those pension systems. P.E.R.S. refers to employees hired before January 1, 2013 as classic members.

<b>Miscellaneous Employees Hire Date</b>	<b>Retirement Benefit Formula</b>
On or before 12/31/2012	2.7% @ 55
"Classic Member" on or after 1/1/2013	2.7% @ 55
"New Member" on or after 1/1/2013	2.0% @ 62

2.2 Miscellaneous and public safety Management Employees P.E.R.S. contributions shall be administered in accordance with Internal Revenue Code Section 414(h)(2).

2.3 The City/District shall contract with P.E.R.S. to provide the 4th Level of 1959 Survivor Benefits.

2.4 The City/District contracted with P.E.R.S. to provide the enhanced Public Safety retirement benefit formula 3% @ 50 (Section 21362.2) effective June 30, 2001 for Fire Safety Managers. All Fire Safety Managers hired on or before December 31, 2011 will continue to be afforded the 3% @ 50 retirement benefit formula. Effective January 1, 2012, the City/District no longer offered the 3% @ 50 benefit formula to new Fire Safety Managers. All Fire Safety Managers hired on or after January 1, 2012 were afforded a 2% @ 50 retirement benefit formula. Effective January 1, 2013, PEPRA requires new Fire Safety Managers to enroll in a 2.7% @ 57 retirement tier with pension calculated based on the average highest annual compensation over a consecutive 36-month period. This new retirement tier applies only to a new member as defined in Section 2.1 above.

2.5 The City/District contracted with P.E.R.S. to provide the enhanced Public Safety retirement benefit formula 3% @ 50 (Section 21362.2) effective July 1, 2002 for Police Safety Managers. All Police Safety Managers hired on or before

December 31, 2011 will continue to be afforded the 3% @ 50 retirement benefit formula. Effective January 1, 2012, the City/District no longer offered the 3% @ 50 benefit formula to new Police Safety Managers. All Police Safety Managers hired on or after January 1, 2012 were afforded a 2% @ 50 retirement benefit formula. Effective January 1, 2013, PEPPA requires new Fire Safety Managers to enroll in a 2.7% @ 57 retirement tier with pension calculated based on the average highest annual compensation over a consecutive 36-month period. This new retirement tier applies only to a new member as defined in Section 2.1 above.

<b>Public Safety Managers Hire Date</b>	<b>Retirement Benefit Formula</b>
On or before 12/31/2011	3.0% @ 50
On or after 1/1/2012 and before 1/1/2013	2.0% @ 50
"Classic Member" on or after 1/1/2013	2.0% @ 50
"New Member" on or after 1/1/2013	2.7% @ 57

- 2.6 The City/District shall continue to contract with P.E.R.S. to provide the Military Service Credit.

**Section 3 - Probationary Period and Merit Increases**

- 3.1 Probationary Period - The initial probationary period for new Employees shall be for a period of not less than twelve (12) months of actual service, unless an Employee has already served a twelve (12) month probationary period in another class in this Employee unit. In such case, the probationary period shall be for a period of not less than six (6) months of actual service. Further provisions regarding probationary periods are found in the City/District Personnel Rules and Regulations (hereinafter called "City/District Personnel Rules").
- 3.2 Merit Increases - Upon the satisfactory completion of six (6) months of the required probationary period, a merit increase to the next higher step in the salary range shall be granted to eligible Employees. Each twelve (12) months thereafter upon the anniversary of such first merit increase, and until the maximum pay range established for their job class has been reached, each Employee receiving a satisfactory performance evaluation shall receive a merit increase to the next higher step. Provided, however, that the Employee shall not receive annual merit increases beyond the maximum step of the salary range for the established job class.

**Section 4 - Public Safety Management Special Pay and Allowance**

- 4.1 Uniform Allowance - The City/District shall provide an annual uniform purchase and maintenance allowance of \$722 for each Public Safety Management Employee required to purchase and maintain a uniform. The City/District shall pay the uniform allowance in twenty four (24) equal installments of thirty dollars and eight cents (\$30.08) to eligible employees each payroll period.

- 4.2 Continuing Uniform Allowance - The City/District shall provide a continuing uniform allowance to each Public Safety Management Employee who is required to wear a uniform in the sum of \$722. Employees who terminate City/District employment for any reason shall be entitled only to compensation at the rate of \$60.16 for each month of service in the fiscal year and shall reimburse the City/District a prorated amount of \$60.16 for each month of service not completed by deduction from the final paycheck of the Employee. The City/District shall pay the continuing uniform allowance in twenty four (24) equal installments of thirty dollars and eight cents (\$30.08) to eligible employees each payroll period.
- 4.3 Legal Defense Insurance - The City/District will provide annual legal defense coverage through the California Police Officers Association (CPOA) on a reimbursable basis. The cost of reimbursement for such coverage shall not exceed \$250 per year.

Section 5 - City Provided Vehicles and Vehicle Allowances

- 5.1 Employees in Executive Management classifications shall be provided either a City vehicle or a vehicle allowance of \$200 per month, as determined to be appropriate by the City/District Manager. Certain Employees in other Management classifications whose duties include response to emergencies outside the regular work day may also be assigned City vehicles or granted vehicle allowances at the discretion of the City/District Manager.
- 5.2 Employees using a City vehicle must sign a "Vehicle Use Declaration & Acknowledgement Form."

Section 6 - Sick Leave Payment

- 6.1 Non 401(a)(h) Participants - Employees hired prior to 1/1/97 who did **not** elect to participate in the 401(a)(h) Plan who terminate their employment in good standing shall receive compensation for the prescribed value of unused sick leave in accordance with the following schedule:

<b>Sick Leave Balance at Termination</b>	<b>% of Prescribed Value of Sick Leave Paid at Termination</b>
0 to 399 hours	25%
400 to 799 hours	30%
800 to 1,199 hours	40%
1,200 or more hours	50%

All Other Employees

- 6.2 All Employees other than those specified in Section 6.1 who terminate their employment in good standing shall receive compensation for the prescribed

value of unused sick leave at a rate of 25% of the prescribed value of unused sick leave upon termination.

- 6.3 Calculation of Unused Sick Leave Balance Values - The prescribed value of unused sick leave shall be calculated as follows:
- a) Determine number of sick leave hours accrued upon separation.
  - b) Calculate value of sick leave by multiplying the hours accrued at the Employee's pay rate at separation.
  - c) Select the appropriate percentage as described in section 6.1 or 6.2 as applicable, and apply to the total dollar value as calculated above to determine the sick leave payment.
- 6.4 The rate of pay to be used for calculating the payment for sick leave shall be the rate of pay established in the City/District Personnel Rules.
- 6.5 When termination is caused by the death of the Employee, said pay for unused sick leave will be paid to the beneficiary the Employee has designated. In the event an Employee has not designated a beneficiary, the payment shall be made to the estate of the Employee.

Section 7 - Flexible Benefits Plan

- 7.1 The City/District shall offer a Flexible Benefits Plan and make monthly contributions as an Employee benefits allowance for allocation to a health plan, dental plan, optional vision plan, health and/or dependent care reimbursement account, and/or VEBA Trust as follows:

<b>Employee and Family Members enrolled in Medical Plan Choice:</b>	<b>Monthly Amount Effective 7/1/2017</b>	<b>Monthly Amount Effective 7/1/2018</b>
No Plan	\$984	\$1018
Employee Only	\$1196	\$1238
Employee + One	\$1550	\$1604
Employee + Two or more	\$1933	\$2001

- 7.2 Employees who have any leftover flexible benefit allowance available after deducting all selected plan premium amounts may annually choose to allocate remaining funds into one or a combination of the following funds: (1) a 457 deferred compensation account; (2) a flexible spending account (Section 125 plan), provided the allocations are within the IRS limits; and/or (3) a VEBA plan provided the Employee is participating in the VEBA and the contribution amount does not exceed the maximum contribution amount as set forth in Section 10.
- 7.3 Flexible Benefit Plan participants shall assume the third party administration costs of the plan. A plan participant is defined as any person for whom the third party administrator charges a fee.

- 7.4 The City/District shall contribute the minimum amount required under the P.E.R.S. Health Care Plan (PEMCHA) for active and retired Employees' medical insurance premiums.
- 7.5 Employees who opt out of health plan coverage through the City/District must annually provide proof of insurance through a spouse, parent or state-registered domestic partner in order to be eligible for the "no plan" contribution amount in Section 7.1

#### Section 8 - Long Term Disability

- 8.1 The City/District shall pay the full amount to provide Long Term Disability (LTD) insurance for Management Employees.

#### Section 9 - Life Insurance

- 9.1 The City/District shall contribute the full amount to provide a term life insurance policy equal to the Employee's annual salary with a minimum coverage of \$50,000 and a maximum coverage of \$150,000, plus the same amount of Accidental Death and Dismemberment insurance for each Employee.

#### Section 10 – VEBA (Voluntary Employee Beneficiary Association) Program

- 10.1 The purpose of the VEBA (Voluntary Employee Beneficiary Account) Trust is to provide Employees with the ability to plan for future as well as current health care expenses. Expenses such as long term care, unreimbursed medical premiums, copayments and pharmacy charges are all eligible expenses under a VEBA Trust arrangement. Employees will realize a significant benefit since eligible contributions to a VEBA Trust are tax exempt and the reimbursed expenses from the VEBA Trust are also tax exempt.
- 10.2 Eligibility Defined. Effective July 1, 2012, all eligible employees, who are members of the Management Group, may participate in the VEBA Trust. An eligible employee is an employee who is a member of the Management Group. Beginning July 1, 2012, all eligible employees had fifteen (15) days to "opt-in" or "opt-out" of the VEBA Trust. Elections to "opt-in" or "opt-out" were irrevocable for the duration of the employee's tenure within the Management Group. Participation is subject to and governed by all IRS requirements applicable to the VEBA Trust. Management Group Employees who elected to "opt-in" will make uniform monthly contributions and contributions upon separation as outlined below.

Employee Contributions. Participation in the VEBA Trust by an Employee who elects to "opt-in" requires a payroll deduction each pay period to fund the Employee's account. The Management Group determined that contributions to the VEBA Trust are based on years of service in PERS or a reciprocal retirement

plan and the contributions effective as of July 1, 2012 shall remain in effect for the duration of this Plan as follows:

Years of Service	Contribution Amount Per Pay Period
0 to 5	\$50.00
6 to 10	\$100.00
11 to 15	\$100.00
16 to 20	\$150.00
21 to 25	\$175.00
Over 25 years	\$225.00

Contributions made by an eligible Employee must be made through payroll deductions. Eligible Employees cannot make direct contributions to the VEBA Trust. Once separated from the City/District, the Employee can no longer make contributions to the VEBA Trust.

Leave Payout

Sick Leave – as of July 1, 2012, upon retirement/separation of employment, 100% of the Employee’s sick leave balance payout (25% of the total dollar value per Section 6 of the Plan) shall be contributed into the Employee’s VEBA account.

Safety Management Employees are entitled to convert their unused sick leave balance to service credit with P.E.R.S. at the time of retirement. After this election, 100% of the Employee’s available sick leave balance payout (25% of the remaining balance) will be contributed to their VEBA account.

Vacation Leave – as of July 1, 2012, upon retirement/separation of employment, the Management Group determined the following vacation leave payouts will be contributed to the Employee’s VEBA account:

Years of Service	Contribution Amount
0 to 5	50%
6 to 10	75%
11 to 15	75%
16 to 20	75%
21 to 25	100%
Over 25 years	100%

If an Employee elects to sell back any accrued vacation leave and/or contribute any accrued vacation leave to his/her 457 Plan account pursuant to Article III, Section 1.7, the VEBA vacation leave payout will be calculated by applying the contribution amount percentage shown in the table immediately above to the remaining balance of the Employee’s accrued vacation leave after the sell back and/or 457 Plan account contribution.

### Longevity Pay

100% of the longevity pay for those Public Safety Management Employees who participate in the VEBA Trust shall be contributed to their VEBA account.

### Administrative Leave

100% of the balance shall be contributed into the Employee's VEBA account.

### New Employees or Newly Eligible Employees

Employees, whether new to the City/District or to the Management Group, who become eligible to participate in the VEBA Trust after July 1, 2012 will have fifteen (15) calendar days from the date of eligibility to elect whether they would like to "opt-in" or "opt-out" of the VEBA Trust. If a newly eligible Employee elects to "opt-in," payroll deductions will begin in accordance with the Employee contribution amounts in this Plan. If a newly eligible Employee fails to make an election within fifteen (15) days from the date of plan eligibility, it will be deemed that the newly eligible Employee has elected to "opt-out."

### Participant Account

A separate account is maintained for each contributing eligible Employee which documents the Employee's contributions and disbursements. Contributions to a VEBA Trust, as well as any disbursements to cover non-reimbursed post-tax medical care expenses, are both tax-free. Eligible benefits subject to reimbursement by the VEBA Trust shall be limited to long-term care expenses and non-reimbursed medical premiums, co-payments, prescribed drug expenses and other medical care costs as defined by internal Revenue Code Section 213.

An eligible Employee's VEBA account is subject to a monthly administrative fee for expenses related to recordkeeping, claims processing and claims reimbursement. The fee will be deducted from the eligible Employee's individual account.

If the Internal Revenue Service (IRS) concludes that the VEBA Trust does not qualify under the requirements of the Tax Code or no longer qualifies after initial qualification, the City/District shall meet with the Management Employees and discuss options to bring the VEBA Trust into compliance or to discontinue the VEBA Trust.

### Reopener

Following the completion of the current IRS audit of the City/District VEBA Program, the Management Group may discuss and, if approved by a majority of the VEBA participants in the Management Group, change the employee contribution tiers and amounts from those set forth above. The City/District shall provide written notice of the completion of the IRS audit to the Management Group who will then have sixty (60) days to initiate VEBA discussions by notifying the City/District via the Human Resources Director in writing.

In addition, following the completion of the IRS audit of the City/District VEBA Program, the Management Group may discuss and, if approved by a majority of the Management Group, implement a retirement health savings program.

Participation in a retirement health savings program would be mandatory for all Management Group members with contributions determined by the Management Group per side letter in accordance with current law.

#### Section 11 - Deferred Compensation Plan

11.1 The City/District shall offer a voluntary deferred compensation plan available to all Management Employees in accordance with Internal Revenue Code section 457. Information about the 457 Plan options is available on the City/District's intranet. The plan year for Employee contributions to the 457 Plan is the calendar year, January 1 to December 31. The maximum voluntary contribution to any Employee's account shall be that amount established by law.

#### Section 12 – 401(a)(h) Plan

12.1 Effective July 1, 2002, the 401(a)(h) plan was discontinued and when it was discontinued, "side car" contributions could no longer be made to the 401(a)(h). The "side car" program continued and "side car" sick leave reserve balances could only be used as sick leave. Effective July 1, 2013, any remaining "side car" sick leave reserve balances were paid out as specified in Section 6 to Employees with remaining balances. The City/District contributed the "side car" funds directly into the Employees' VEBA account, and the "side car" program no longer exists.

12.2 All Management Employees may participate in a voluntary 401(a) plan. Only Miscellaneous (non-Public Safety) Management Employees who elect to participate and who contribute a minimum of 1% of salary shall receive a City/District contribution to their account of 4% of salary.

The maximum voluntary contribution to any Employee's account shall be that amount established by law.

#### Section 13 - Pay for Temporary Assignment

13.1 An Employee appointed to a higher paid classification on an acting basis shall be paid at the first step of the higher pay range or at the step which is not less than 5% more than his/her current pay, provided the duration of the assignment is for 30 days or more and for purposes other than vacation relief and all of the duties of the higher paid class are performed.

#### Section 14 – Special Command Pay

14.1 Fire Battalion Chiefs are eligible to receive a flat rate stipend of \$69.88 per hour for command coverage as needed. Such pay is authorized at the discretion of the Fire Chief. The stipend will be adjusted during the term of this Plan to reflect any modifications to the Fire Captain salary at Step 5 plus an additional five percent.

Section 15 - Vision Care/Professional Development/Fitness Club (Gym) Memberships

The City/District will reimburse, upon presentation of the proper documentation as outlined below, up to \$200 per fiscal year (July 1 through June 30 of the following year) for the following items:

- 15.1 Vision Care: appropriate receipts from a qualified optometrist and/or optician towards the cost of an Employee's eye examination, prescription eyeglasses and/or contact lenses.
- 15.2 Professional Development: appropriate receipts for professional development expenses which may include the following: the cost of certificate programs, seminars, workshops, conferences; professional, civic, or community organizations; management-related books, tapes, or training programs. Reimbursement for such expenses must be approved in advance by the City/District Manager. These expenses must be career/job related, and not provided through any other budgetary means such as the City-wide training fund or departmental travel/meeting funds.
- 15.3 Fitness Club (Gym) Membership: appropriate receipts for fitness club (gym) membership expenses including membership fees and monthly dues, class fees or any other fees paid to the fitness club (gym) or any other provider. Reimbursement of any fitness club (gym) expense under this Section 15.3 is subject to Federal, State and Medicare taxes in accordance with IRS regulations.

Section 16 – Longevity Recognition Plan

- 16.1 The City/District provided a Longevity Recognition Plan in recognition of an Employee's length of service with the City/District and that the City/District does not otherwise provide retiree medical benefits prior to October 1, 2007.
- 16.2 Employees who retired from the City/District as defined by P.E.R.S., whether for a normal retirement or an industrial disability retirement prior to October 1, 2007, receive a monthly benefits payment as outlined in the table below starting at the beginning of the first calendar month following retirement:

<u>Years of Service Upon Retirement</u>	<u>Monthly Benefit</u>
Day 1, Year 10 through Year 14	\$125
Day 1, Year 15 through Year 19	\$200
Day 1, Year 20 through Year 24	\$275
Day 1, Year 25 and thereafter	\$350

- 16.3 The monthly benefit as described in Section 16.2 is payable to the Employee up until the Employee's death. Benefits shall cease on the first day of the calendar month following the Employee's death.
- 16.4 Prior to implementation of the Longevity Recognition Plan, the City/District determined a third party administrator was not necessary to establish and

administer the plan. If the City/District makes a determination to the contrary in the future, such decision will be discussed with Employees prior to implementation. If a third-party administrator is used, any recurring administrative fees associated with administering the plan shall be paid by the participating employees. The City/District shall also strive to implement the Longevity Recognition Plan in accordance with Internal Revenue Code statutes and in a manner that minimizes the tax liability of the Employee to the extent possible.

16.5 Effective October 1, 2007, upon implementation of the enhanced 2.7% @ 55 retirement formula for Miscellaneous Management Employees per Section 2.1, the Longevity Recognition Plan no longer applied to the Miscellaneous Management Employees except for Employees who retired prior to October 1, 2007. Future retirees forfeited any previously agreed to benefit under this provision which terminated one day prior to the implementation of the enhanced retirement formula.

16.6 On July 1, 2006, the City/District implemented a Longevity Recognition Plan for Fire Safety Managers.

- a. Fire Safety Managers hired on or before December 31, 2011 and who retire from the City/District as defined by P.E.R.S. whether for a normal retirement or an industrial disability retirement, shall receive a monthly benefit payment starting at the beginning of the first calendar month following retirement based upon the Employee's length of service as follows:

<u>Years of Service Upon Retirement</u>	<u>Monthly Benefit Amount</u>
<u>Day 1, Year 10 through Year 14</u>	\$125
<u>Day 1, Year 15 through Year 19</u>	\$200
<u>Day 1, Year 20 through Year 24</u>	\$275
<u>Day 1, Year 25 and thereafter</u>	\$350

- b. Fire Safety Managers with 25 years and one day of service or more may receive the longevity recognition pay, so long as the following conditions are met:
  - i. They separate with the City/District in good standing; and
  - ii. They retire with P.E.R.S. within five (5) years of separation.

Fire Safety Managers separating under this subsection (b) are not eligible to receive the longevity recognition pay until after the Employee retires with P.E.R.S. To receive payment, the Employee must apply to the City/District for the benefit and show proof of retirement with P.E.R.S. Payments will commence on the same schedule and will not include any retroactive payments, either for time since separation or for time since the Employee retired with P.E.R.S.

- c. Before separation of employment, the Employee must make an irrevocable election for one of the following options for the proportion of his/her longevity pay to be contributed to the VEBA account:

0%	25%	50%	75%	100%
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If the Employee fails to make an election before the Employee's last day of employment, the entire amount of the longevity pay will be contributed into the VEBA.

- d. The monthly benefit as described in Section 16.6(a) is payable to the Employee up until the Employee's death. Benefits shall cease on the first day of the calendar month following the Employee's death.
- e. Fire Safety Managers hired on or after January 1, 2012 will not be eligible for the Longevity Recognition Plan.

16.7 On January 1, 2002, the City/District implemented a Longevity Recognition Plan for the Police Safety Managers. This plan was implemented in recognition of an employee's length of service with the City/District and that the City/District does not otherwise provide retiree medical benefits. Effective January 1, 2012, this plan was eliminated for all newly hired Police Safety Managers.

- a. Police Safety Managers hired on or before December 31, 2011, who file for a P.E.R.S. retirement while employed with the City/District, whether for a normal retirement or an industrial disability retirement, shall receive a monthly benefit payment starting at the beginning of the first calendar month following retirement to be contributed, in whole or in part, at the discretion of the Employee, into the Employee's VEBA account. The amount of entire benefit is dependent upon the Employee's length of service, as follows:

<u>Years of Service Upon Retirement</u>	<u>% of Maximum Benefit</u>	<u>Monthly Benefit Amount</u>
<u>Day 1, Year 10 through Year 14</u>	40%	\$140
<u>Day 1, Year 15 through Year 19</u>	60%	\$210
<u>Day 1, Year 20 through Year 24</u>	80%	\$275
<u>Day 1, Year 25 and thereafter</u>	100%	\$345

- b. Police Safety Managers hired on or before December 31, 2011, before separation of employment, must opt for one of the following options for the proportion of his/her longevity pay to be contributed to the VEBA account:

0%	25%	50%	75%	100%
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If the Employee fails to make an election before the Employee's last day of employment, the entire amount of the longevity pay will be contributed into the VEBA.

- c. The monthly benefit as described in Section 16.7(a) is payable to the Police Safety Manager up until the Employee's death. Benefits shall cease on the first day of the calendar month following the Employee's death.
- d. Police Safety Managers hired on or after January 1, 2012 will not be eligible for the Longevity Recognition Plan.

## ARTICLE II HOLIDAYS

### Section 1 - Official City/District Holidays

1.1 The following holidays are observed by the City/District:

New Year's Day, January 1  
Martin Luther King, Jr. Day, January 15 or its legal substitute (third Monday in January)  
President's Day, February 22 or its legal substitute (third Monday in February)  
Memorial Day, May 31 or its legal substitute (last Monday in May)  
Independence Day, July 4  
Labor Day, first Monday in September  
Veteran's Day, November 11  
Thanksgiving Day, fourth Thursday in November  
Day after Thanksgiving, fourth Friday in November  
Christmas Eve, December 24  
Christmas Day, December 25  
New Years' Eve, December 31

When any day recognized as a holiday falls on a Sunday, the holiday shall be observed on the following Monday. When any day recognized as a holiday falls on a Saturday, the holiday shall be observed on the preceding Friday.

With regard to the holidays on Christmas Eve (December 24) and New Years' Eve (December 31) should either date fall on a Saturday or Sunday, the preceding Friday shall be observed. In the case where Christmas Day and/or New Years' Day are observed on Friday, the corresponding Eve holiday shall be observed on Thursday.

### Section 2 – Holiday In-Lieu Pay

- 2.1 Police Lieutenants shall receive holiday in-lieu pay in the amount of 5.4% of their base pay in-lieu of twelve (12) City/District recognized holidays. Police Lieutenants wishing to take a holiday off will need to use other available leaves.
- 2.2 Fire Battalion Chiefs shall receive holiday in-lieu pay in the amount of 5% of their base pay in-lieu of twelve (12) City/District recognized holidays. Fire Battalion Chiefs wishing to take a holiday off will need to use other available leaves.

ARTICLE III  
VACATION AND OTHER LEAVES

Section 1 - Vacation Accrual & Use

1.1 Employees eligible for vacation shall accrue vacation leave in accordance with the schedules in Sections 1.2, 1.3 and 1.4.

1.2 Vacation Accrual for Executive Management shall be as follows:

<b>Years of Service</b>	<b>Hours per Pay Period</b>	<b>Maximum Hours</b>	<b>Days per Year</b>
1 through 5	5.00	360	15 working days
Day 1, Year 6	5.33	384	16 working days
Day 1, Year 7	5.67	408	17 working days
Day 1, Year 8	6.00	432	18 working days
Day 1, Year 9	6.33	456	19 working days
Day 1, Year 10	6.67	480	20 working days
Day 1, Year 11 to 15	7.00	504	21 working days
Day 1, Year 16 and thereafter	7.67	552	23 working days

1.3 Vacation Accrual for Fire Battalion Chiefs

<b>Years of Service</b>	<b>Hours per Pay Period</b>	<b>Maximum Hours</b>	<b>Shifts per Year</b>
Year 1	12.00	864	12 shifts
Day 1, Year 2	12.50	900	12.5 shifts
Day 1, Year 7 and thereafter	14.00	1008	14 shifts

1.4 Vacation Accrual for Other Management Employees

<b>Years of Service</b>	<b>Hours per Pay Period</b>	<b>Maximum Hours</b>	<b>Days per Year</b>
1 through 3	3.67	264	11 working days
Day 1, Year 4	4.00	288	12 working days
Day 1, Year 5	5.00	360	15 working days
Day 1, Year 6	5.33	384	16 working days
Day 1, Year 7	5.67	408	17 working days
Day 1, Year 8	6.00	432	18 working days
Day 1, Year 9	6.33	456	19 working days
Day 1, Year 10	6.67	480	20 working days
Day 1, Year 11 to 15	7.00	504	21 working days
Day 1, Year 16 and thereafter	7.67	552	23 working days

- 1.5 Employees shall accrue vacation leave only as it is earned. New Employees shall not be eligible to use any vacation leave, however, until after completion of their initial six months of employment.
- 1.6 The City/District Manager may grant a new Management Employee a starting accrual rate of 15 days up to 5 years of service at which time normal accrual shall begin. This does not apply to promotional Employees.
- 1.7 Employees shall not accumulate more than the equivalent of three annual vacation accruals. An Employee who accumulates vacation in excess of three annual vacation accruals shall not accrue additional hours until the balance is below the maximum amount pursuant to this section. Employees may cash out accrued vacation leave once or twice per calendar year in June and/or December up to a maximum of one hundred sixty (160) hours of accrued vacation leave per calendar year. An Employee is eligible for this cash out option only if he/she has used at least forty eight (48) hours of vacation leave in the twelve (12) month period immediately preceding the cash out request, retains a minimum accrued vacation leave balance of eighty (80) hours after the requested cash out, and files a request with Human Resources no later than May 31 or November 30. Payroll records will be used to determine whether or not an Employee has taken the required forty eight (48) hours of vacation leave. If an Employee takes twenty four (24) hours of vacation in the six (6) month period preceding May 30, the Employee can cash out up to eighty (80) hours of accrued vacation leave in June; and/or if an Employee takes twenty four (24) hours of vacation in the six (6) month period preceding November 30, the Employee can cash out up to eighty (80) hours of accrued vacation leave in December; or if an Employee takes forty eight (48) hours of vacation in the six (6) month period preceding May 30, the Employee can cash out up to a total of one hundred sixty (160) hours of accrued vacation leave in June and/or December, or if the Employee takes forty eight (48) hours of vacation in the six (6) month period preceding November 30, the Employee can cash out up to a total of one hundred sixty (160) hours of accrued vacation leave in December and/or June.
- 1.8 Vacation use may be deferred by the written approval of the City/District Manager when in the best interests of City/District government and the Employee.
- 1.9 It is the responsibility of the Employee to review the vacation accrual balance printed on his/her paycheck stub to ensure that he/she uses his/her vacation within three accrual years unless deferment is requested and obtained from the City/District Manager as provided.
- 1.10 Employees may use accrued vacation in one (1) hour increments, subject to Department Head (or City/District Manager in the case of Department Heads) approval.
- 1.11 Additional guidelines that clarify the use and administration of this provision may be found in the City/District Personnel Rules.

- 1.12 At least thirty (30) days prior to separation, Management Employees may elect to (a) sell back up to a maximum of 200 hours of accrued vacation leave or (b) contribute up to a maximum of 200 hours of accrued vacation leave to their 457 Plan account within applicable IRS limits. A total of 200 hours of accrued vacation leave is available for sell back, 457 Plan contribution or a combination thereof. The number of hours to be sold or contributed must be accrued at the time of sell back or contribution, and if the Employee elects to sell back any accrued vacation leave hours, the Employee shall receive a check for the hours sold prior to separation of employment. If an Employee elects vacation sell back and/or 457 Plan contribution and participates in VEBA, the VEBA contribution vacation leave payout in Article I, Section 10.2 will be calculated by applying the contribution amount percentage in the vacation leave table in Article I, Section 10.2 to the remaining balance of the Employee's accrued vacation leave after the sell back or 457 Plan contribution.

## Section 2 - Administrative Leave

- 2.1 Employees shall be credited with fifty-six (56) hours of administrative leave annually, with the exception of Battalion Chiefs who shall be credited with eighty (80) hours of administrative leave annually. Administrative leave will be credited on December 1 and shall not be carried over past November 30 of the following year. Employees may receive pay in lieu of time off for up to fifty-six (56) hours (eighty [80] hours for Battalion Chiefs) of unused administrative leave as of November 30, to be paid in December.
- 2.2 Administrative leave shall be prorated at the rate of 4.66 hours per month (6.66 hours per month for Battalion Chiefs) and may be used in advance subject to deduction from final paycheck should the Employee not complete the full year (12/1 - 11/30). Upon appointment, new Employees shall receive this leave on the same prorated basis.
- 2.3 Administrative leave shall be taken at the discretion of the Employee contingent upon approval by the City/District Manager for Executive Management and by the Department Head for all other Management Employees.

## Section 3 – Recognition Leaves

### Performance Component

- 3.1 Employees are eligible to receive a maximum of five (5) days of paid leave per fiscal year in recognition of exemplary performance.
- 3.2 Leave may be granted in any increment between one (1) day and five (5) days to individuals or to work teams for such reasons as a single outstanding achievement, consistently above standard job performance, or other extraordinary efforts on behalf of the City/District, as recommended by the Department Head and approved by the City/District Manager.

- 3.3 This leave must be taken as paid time off in the fiscal year in which it is granted. This leave has no cash value and is not compensable upon termination of employment with the City/District.

#### Service Component

- 3.4 Employees who subsequently complete 10, 20 and 30 years of service with the City/District shall receive 40 hours of paid leave on their 10th, 20th and 30th anniversary of employment with the City/District on their anniversary date.
- 3.5 This leave must be taken as paid time off within one year of the date it is granted. This leave has no cash value and is not compensable upon termination of employment with the City/District.

#### Section 4 - Funeral/Bereavement Leave

- 4.1 Regular and probationary Employees shall be entitled to up to three (3) working days of funeral/bereavement leave for each occurrence of death of an immediate family member. Requests for funeral/bereavement leave of up to three (3) working days and for any additional time beyond the standard leave of three (3) working days must be approved by the Department Head and the City/District Manager. Immediate family shall mean spouse (including state-registered domestic partners), children of either spouse, either parent, brother or sister, Employee's grandparents, grandchildren, father-in-law, mother-in-law, brother-in-law or sister-in-law. Other relatives and significant persons may be included with the approval of the City/District Manager. This leave shall not be accumulated and is in addition to sick leave and vacation benefits.
- 4.2 Employees may be entitled to additional leave upon request, pursuant to Federal and State Family Leave laws.

#### Section 5 - Sick Leave Accrual & Use

- 5.1 Except for Operational Fire Battalion Chiefs, Management Group Employees including the Administrative Fire Battalion Chief, shall accrue sick leave at a rate of five and two thirds (5.666) hours per calendar month for each month that the Employee has worked regularly scheduled hours. Operational Fire Battalion Chiefs shall accrue sick leave at a rate of nine (9.0) hours per calendar month for each month that the Operational Fire Battalion Chief has worked regularly scheduled hours. There shall be no maximum accumulation of sick leave.
- 5.2 Employees may utilize unused sick leave to care for members of the immediate family and/or household members who have suffered an illness or injury in accordance with State law.

Family sick leave may be taken and if taken, shall be charged to sick leave or, with the concurrence of the Department Head, to vacation or administrative leave where the presence of the employee elsewhere is essential because of illness, or disability of immediate members of his/her family. Immediate family member means parent, child, spouse, registered domestic partner, parent-in-law, sibling,

grandparent or grandchild. No more than half of the Employee's annual accrual may be granted for family sick leave in any one calendar year. Any additional absences due to family illness or for other family members shall be charged to discretionary leave balances (e.g., vacation, compensatory time off, etc.).

- 5.3 Employees may be entitled to request additional leave pursuant to Federal and State Family Leave laws.
- 5.4 The patterns of use, frequency of occurrence, total hours used, and hours available compared to hours accrued for each Employee will be periodically reviewed by the Department Head. Department standards will be communicated and applied to evaluate the individual use of this benefit. An improvement plan may be developed and implemented by the Department Head, considering factors such as Employee circumstances, the operational impact of unscheduled absences, the obligation to provide consistency within the department, and the responsibility of managers to set a good example for other employees of the City/District.
- 5.5 Employees covered by this Plan are eligible to participate in a catastrophic leave donation program in accordance with the City/District's Catastrophic Leave Donation Policy.

#### Section 6 - Industrial Disability Leave

- 6.1 The City/District will provide full pay for the initial three (3) months to non-Public Safety Employees who suffer industrial disabilities and are on authorized disability leave. During this period, the Employee will accrue benefits and the City/District will continue to contribute to benefits as usual. The Employee shall pay their usual portion of the benefits. Worker's Compensation benefits will be integrated and checks endorsed to the City/District by the Employee. No use of sick leave will be required during the first three (3) months.
- 6.2 After the first three (3) months of Industrial Disability Leave, until the Employee is determined to be able to return to work or permanent and stationary and unable to return to work, the Employee may integrate Worker's Compensation benefits with unused sick leave to assure no loss of compensation. The continuing eligibility for employee benefits will be determined in accordance with insurance contracts, State and Federal law, and City/District policy after the first three (3) months.

#### Section 7 - Educational Release Time

- 7.1 Employees shall be permitted to take job-related educational classes during on-duty hours within reasonable limits with approval of the Department Head and the City/District Manager.

ARTICLE IV  
FIRE MERGER JPA

If the City/District determines it will enter into discussions with the City of San Mateo and/or the Belmont Fire Protection District (City of Belmont) to create a new fire entity, the City/District will provide written notice to the Management Group to discuss the impacts of that decision on the Employees who work in the Fire Department.

The discussion will commence within thirty (30) days of the Management Group's receipt of written notice from the City/District.

The parties agree to utilize the City/District's Employer/Employee Relations Resolution process to resolve any outstanding issues that the parties may identify in their discussion.

DURATION

This Plan shall take effect on July 1, 2017, and remain in effect until June 30, 2019.

**Attachment A**  
**FY 2017 – 2018 Pay Plan for Management Classifications**

**Effective July 1, 2017, wages for classes represented by the Management Group shall be listed below:**

	Step 1	Step 2	Step 3	Step 4	Step 5
<b>Executive Management</b>					
City Manager					\$ 21,114
Chief of Police	\$ 14,548	\$ 15,275	\$ 16,039	\$ 16,841	\$ 17,683
Fire Chief	\$ 14,548	\$ 15,275	\$ 16,039	\$ 16,841	\$ 17,683
Community Development Director	\$ 13,126	\$ 13,782	\$ 14,471	\$ 15,195	\$ 15,954
Director of Public Works	\$ 13,126	\$ 13,782	\$ 14,471	\$ 15,195	\$ 15,954
Assistant City Manager	\$ 13,126	\$ 13,782	\$ 14,471	\$ 15,195	\$ 15,954
Finance Director	\$ 12,758	\$ 13,396	\$ 14,066	\$ 14,769	\$ 15,508
Human Resources Director	\$ 12,758	\$ 13,396	\$ 14,066	\$ 14,769	\$ 15,508
Parks & Recreation Director	\$ 12,758	\$ 13,396	\$ 14,066	\$ 14,769	\$ 15,508
City Clerk/Communications Director	\$ 12,758	\$ 13,396	\$ 14,066	\$ 14,769	\$ 15,508
<b>Other Management</b>					
Police Captain	\$ 12,550	\$ 13,177	\$ 13,836	\$ 14,528	\$ 15,254
Fire Battalion Chief	\$ 12,244	\$ 12,856	\$ 13,499	\$ 14,174	\$ 14,883
Fire Battalion Chief (Admin)	\$ 12,244	\$ 12,856	\$ 13,499	\$ 14,174	\$ 14,883
Fire Marshal	\$ 11,661	\$ 12,244	\$ 12,856	\$ 13,499	\$ 14,174
Police Lieutenant	\$ 10,841	\$ 11,383	\$ 11,952	\$ 12,550	\$ 13,177
Assistant Finance Director	\$ 9,917	\$ 10,412	\$ 10,933	\$ 11,480	\$ 12,054
Information Technology Manager	\$ 9,917	\$ 10,412	\$ 10,933	\$ 11,480	\$ 12,054
Chief Building Official	\$ 9,773	\$ 10,262	\$ 10,775	\$ 11,314	\$ 11,880
Planning Manager	\$ 9,773	\$ 10,262	\$ 10,775	\$ 11,314	\$ 11,880
Engineering Manager	\$ 9,773	\$ 10,262	\$ 10,775	\$ 11,314	\$ 11,880
Public Works Maintenance Manager	\$ 9,526	\$ 10,003	\$ 10,503	\$ 11,028	\$ 11,579
Principal Management Analyst	\$ 9,447	\$ 9,919	\$ 10,415	\$ 10,936	\$ 11,483
Accounting Manager	\$ 8,997	\$ 9,447	\$ 9,919	\$ 10,415	\$ 10,936
Senior Systems Analyst	\$ 8,300	\$ 8,715	\$ 9,151	\$ 9,609	\$ 10,089
Senior Management Analyst	\$ 8,300	\$ 8,715	\$ 9,151	\$ 9,609	\$ 10,089
Management Analyst II	\$ 8,231	\$ 8,642	\$ 9,074	\$ 9,528	\$ 10,004
Associate Civil Engineer	\$ 8,231	\$ 8,642	\$ 9,074	\$ 9,528	\$ 10,004
Building and Vehicle Maintenance Manager	\$ 8,210	\$ 8,620	\$ 9,051	\$ 9,504	\$ 9,979
Parks Maintenance Manager	\$ 8,210	\$ 8,620	\$ 9,051	\$ 9,504	\$ 9,979
Public Works Maintenance Superintendent	\$ 8,210	\$ 8,620	\$ 9,051	\$ 9,504	\$ 9,979
Recreation Manager	\$ 8,210	\$ 8,620	\$ 9,051	\$ 9,504	\$ 9,979
Senior Accountant	\$ 8,077	\$ 8,481	\$ 8,905	\$ 9,350	\$ 9,818
Senior Planner	\$ 7,986	\$ 8,385	\$ 8,805	\$ 9,245	\$ 9,707
Senior Human Resources Analyst	\$ 7,879	\$ 8,273	\$ 8,687	\$ 9,121	\$ 9,577
Associate Planner	\$ 7,606	\$ 7,986	\$ 8,385	\$ 8,805	\$ 9,245
Human Resources Manager	\$ 7,606	\$ 7,986	\$ 8,385	\$ 8,805	\$ 9,245
Management Analyst I	\$ 7,465	\$ 7,839	\$ 8,231	\$ 8,642	\$ 9,074
Assistant Engineer	\$ 7,465	\$ 7,839	\$ 8,231	\$ 8,642	\$ 9,074
Assistant Planner	\$ 6,899	\$ 7,244	\$ 7,606	\$ 7,986	\$ 8,385
Junior Engineer	\$ 6,771	\$ 7,109	\$ 7,465	\$ 7,838	\$ 8,230
Accountant II	\$ 6,645	\$ 6,977	\$ 7,326	\$ 7,692	\$ 8,077
Technology Analyst II	\$ 6,528	\$ 6,854	\$ 7,197	\$ 7,557	\$ 7,934
Human Resources Analyst	\$ 6,528	\$ 6,854	\$ 7,197	\$ 7,557	\$ 7,934
Deputy City Clerk	\$ 6,418	\$ 6,739	\$ 7,076	\$ 7,429	\$ 7,801

**Attachment A (continued)**  
**FY 2017 – 2018 Pay Plan for Management Classifications**

	Step 1	Step 2	Step 3	Step 4	Step 5
Communications Coordinator / Manager	\$ 6,418	\$ 6,739	\$ 7,076	\$ 7,429	\$ 7,801
Police Records Supervisor	\$ 6,361	\$ 6,679	\$ 7,013	\$ 7,363	\$ 7,732
Accountant I	\$ 6,027	\$ 6,328	\$ 6,645	\$ 6,977	\$ 7,326
Management Assistant to the City Manager	\$ 5,925	\$ 6,221	\$ 6,532	\$ 6,859	\$ 7,202
Management Coordinator	\$ 5,925	\$ 6,221	\$ 6,532	\$ 6,859	\$ 7,202
Records Analyst II	\$ 5,821	\$ 6,112	\$ 6,418	\$ 6,739	\$ 7,076
Technology Analyst I	\$ 5,639	\$ 5,921	\$ 6,217	\$ 6,527	\$ 6,854
Payroll Technician	\$ 5,639	\$ 5,921	\$ 6,217	\$ 6,527	\$ 6,854
Management Assistant	\$ 5,374	\$ 5,643	\$ 5,925	\$ 6,221	\$ 6,532
Human Resources Technician	\$ 5,374	\$ 5,643	\$ 5,925	\$ 6,221	\$ 6,532
Records Analyst I	\$ 5,280	\$ 5,544	\$ 5,821	\$ 6,112	\$ 6,418