

CITY OF MERCED
COMPENSATION PLAN
FOR
MANAGEMENT EMPLOYEES

JANUARY 1, 2018
Through
DECEMBER 31, 2019

ARTICLE I **GENERAL**

SECTION 1.01. PURPOSE OF PLAN. The management compensation plan is established to:

1. Compensate management personnel on the basis of merit and skill by a combination of fixed steps and variable amounts.
2. Encourage creative and decisive performance.
3. Recognize and distinguish management personnel differently from members of employee organizations.
4. Promote efficiency and economy.
5. Improve the City's ability to attract and retain outstanding management personnel.

SECTION 1.02. SCOPE. The management compensation plan covers positions in the classified and unclassified service in the job classes as set forth in Exhibit A, incorporated in and made a part of this document.

ARTICLE II **MANAGEMENT EMPLOYEES**

SECTION 2.01. GENERAL.

1. The provisions of this Article applies to employees in the confidential, supervisory, middle and executive categories of the City's management team, hereinafter referred to as management employees.
2. The management compensation plan consists of a salary plan and certain benefits specific to the six different groups of management employees.
3. The City Council has adopted a management salary plan that consists of a salary range of five specific steps.
4. The City Manager is authorized to recommend changes for all classes in the compensation plan from time to time.
5. Salary adjustments for management employees are based on merit and fitness, and emphasize performance demands.

6. For purposes of this compensation plan, non-exempt employees pursuant to the Fair Labor Standards Act are in the non-exempt confidential and non-exempt supervisory categories. Exempt employees pursuant to the Fair Labor Standards Act are in the exempt confidential, exempt supervisory, middle management, and executive management categories.

SECTION 2.02. SPECIFIC COMPENSATION.

1. The City Manager, as Chief Executive Officer, administers the management compensation plan.
2. Department Heads are responsible for recommending to the City Manager meritorious performance adjustments, and exceptional contribution adjustments for management employees within their respective departments.
3. The City Manager is authorized to review compensation and to approve or order increases or decreases thereto for management positions except the City Manager, the Finance Officer, and the City Attorney. The City Manager may not approve or order any salary decrease below Step One or approve or order any salary increase above the maximum established by the salary range.
4. The City Council, by resolution, shall establish the salary plan for all management employees.

ARTICLE III HOURS AND WORKING CONDITIONS

SECTION 3.01. WORKDAY, WORKWEEK, WORK PERIOD NON-EXEMPT EMPLOYEES (CONFIDENTIAL AND SUPERVISORY MANAGEMENT CLASSIFICATIONS). EFFECTIVE OCTOBER 8, 2018 (PP22) SECTION 3.01 SHALL APPLY TO NON-EXEMPT CONFIDENTIAL AND NON-EXEMPT SUPERVISORY, UNLESS OTHERWISE STATED.

- A. For non-exempt employees, the normal workday shall be eight (8) hours; the normal workweek shall be forty (40) hours; the normal work period shall be eighty (80) hours during each fourteen (14)-calendar days unless an employee has requested and received written permission from their department head and the City Manager authorizing an alternate work schedule. Approval shall be on a case by case basis.

Notwithstanding the above, non-exempt Fire Department personnel shall be assigned to either a 40-hour workweek or a 56-hour workweek. The following

special provisions shall apply to such personnel when assigned to a 56-hour workweek.

1. Work Shift – The normal work shift shall consist of 24 consecutive hours. The normal work shift shall begin at 8:00 am, except that:
 - a. Certain divisions, with approval of the department head and authorization of the City Manager, may operate at other times when needed to serve the public or to continue the efficient operations of City service.
 - b. Employees for whom necessity requires a different schedule than presented above shall work according to the schedule prepared by the Department Head and approved by the City Manager and posted on the department bulletin board.
 2. Workweek – The normal workweek shall average approximately 56 hours for non-exempt shift employees.
 3. Work Period – The basic work period shall be established to comply with the Fair Labor Standards Act, with the work period identified as twenty-four (24) calendar days under the 207(k) exemption.
- B. LONGER/SHORTER HOURS. These provisions do not restrict the extension of a regular workday or workweek when such is necessary to carry on the business of the City, nor shall they be deemed to bar the City from establishing a workday of less than eight (8) hours, or a workweek of less than forty (40) hours, or a work period of less than eighty (80) hours for all or any non-exempt employees.
- C. WORKWEEK SCHEDULE. Non-exempt Employees shall work a basic workweek according to the schedule prepared by the Department Head.
- D. REST PERIODS. All non-exempt employees shall be granted a rest period limited to fifteen (15) minutes during each four (4) hours of regular work. Rest periods shall not be scheduled within one (1) hour of the beginning or the ending of a work shift or lunch period. The department may make reasonable rules concerning rest period scheduling. No wage deduction shall be made and no time off shall be charged against employees taking authorized rest periods. Rest periods shall be considered hours worked and employees may be required to perform duties, if necessary. Rest periods not taken shall be waived and employees shall not accrue any rights or overtime for rest periods not taken.

- E. MEAL PERIODS. All non-exempt employees normally shall be allowed a meal period of not less than thirty (30) minutes nor more than one (1) hour which shall be scheduled generally in the middle of the work shift. The department may make reasonable rules concerning meal period scheduling. Employees are not authorized to work through a meal period to make up for previous absences, to accrue overtime, to gain entitlement to an earlier quitting time, or for any other reason, unless the employees' assigned or mandated duties require otherwise.
- F. WORK SCHEDULE CHANGES. Within the basic categories of workday, workweek, work period, rest period and meal period, the department head, with the approval of the City Manager, shall have the discretion to modify work schedules to meet the needs of the City. When changes in schedules are anticipated, or immediately necessitated by emergency conditions, the department head shall give employees as much advance notice as is reasonably possible. For purposes of this plan, emergency conditions are conditions involving real or potential loss of service or property or personal danger as determined by the management of the City.
- G. OVERTIME – DEFINITION. Overtime is defined, paid, and calculated pursuant to the Fair Labor Standards Act (FLSA) as actual hours worked beyond the established forty (40) hours in a seven (7) day workweek. For non-exempt employees assigned to a 56-hour work week, overtime is defined, paid and calculated pursuant to the Fair Labor Standards Act (FLSA) under the 207(K) exemption designated work period, as actual hours worked in excess of the established number of hours in a work period.
- H. OVERTIME COMPUTED. Effective June 18, 2018, Pay Period 18, for purposes of computing the number of hours worked, pursuant to the FLSA, actual hours worked and time excused from work because of a holiday, vacation, sick leave and authorized compensatory time off (CTO) shall be considered as time worked by the employee.
- I. OVERTIME – BASE RATE OF PAY. Except as otherwise provided in this plan, compensation for assigned and authorized overtime work in excess of forty (40) hours in a workweek for non-exempt employees shall be at a rate equivalent to one and one-half times the base rate of pay.
- J. CALL-BACK – DEFINITION. Call-back work is defined as work required of a non-exempt employee when such employee is not on his/her regular shift during the period that begins one (1) hour after the employee has left work and ends one (1) hour before the employee is scheduled to begin the next regular shift.

- K. **CALL-BACK PAY.** Employees called back to work by the department head or his/her representative during this period shall be paid in accordance with Section 3.01 H. Fire Battalion Chiefs hired for Emergency Recall (call-back) overtime shall be paid at time and one-half. These hours may be used to offset any overtime required under the FLSA.
- L. **STANDBY OR ON-CALL.** Except as otherwise provided in this document, non-exempt employees and effective October 8, 2018 (PP22) , exempt confidential, exempt supervisory, and middle management employees assigned by the department head or his/her representative to standby or be on-call outside the regular duty schedule shall receive a standby or on-call allowance as follows:
1. Employees assigned to standby or on-call on weekdays (i.e., a 16-consecutive hour period commencing with the end of the regularly-scheduled work shift) shall receive a standby allowance of two (2) hours' pay at the employee's regular straight time base rate of pay for each weekday night of standby or on-call required.
 2. Employees assigned to standby or on-call on regularly scheduled days off (i.e., a 24-consecutive hour period commencing at 8:00 a.m.) shall receive a standby or on-call allowance of three (3) hours pay at the employee's regular straight time base rate of pay for each of said days of standby or on call required.
 3. Employees assigned to standby or on-call on holidays shall receive a standby allowance of four (4) hours pay at the employee's regular straight time base rate of pay for each day of eligible holiday required on standby or on-call.
- M. **COMPENSATORY TIME OFF (CTO).** Non-exempt employees who work over forty (40) hours in a seven (7) day workweek may be given compensatory time off (CTO) in lieu of cash payment for overtime at the discretion of the department head. The time at which compensatory time off (CTO) may be taken will be determined by the department head based on the needs of the City service but after considering the preferences of the employee.
- N. **CTO RATE.** When CTO is authorized in lieu of cash payment for overtime, it shall be allowed and taken at the same base rate of pay that overtime is computed in accordance with the overtime sections of this plan.

- O. CTO – MAXIMUM ACCRUAL. The maximum accrual of CTO hours is eighty (80) hours. Above the maximum accrual, all overtime worked shall be paid at the rate of time and one-half of the base rate of pay. The City shall be in compliance with the Fair Labor Standards Act.
- P. CTO – PAYMENT. Prior to resignation, termination, retirement, status change, or promotion, into an exempt classification, a non-exempt employee shall be permitted to utilize accumulated CTO, or shall be paid the cash equivalent of the accumulated CTO, prior to the effective date of the resignation, termination, retirement, or promotion into an exempt classification. Non-exempt employees may, once per quarter, elect to cash out up to forty (40) hours of CTO. Payment shall be made by separate check/direct deposit.
- Q. GENERAL AUTHORIZATION. The amount of overtime work, call-back work, standby, or on-call, and the method of reimbursement for such work, such as cash, time off, or a combination thereof, shall be determined through general policy of the City Manager except as specifically abridged in this plan. No non-exempt employee shall perform overtime work, call-back work, standby or on-call unless such work is authorized and directed by the department head or his/her representative, and no employee shall be paid for such overtime, call-back, standby, or on-call unless the same shall be approved by the department head on the payroll sheet submitted at the end of the pay period in which the work was performed.

SECTION 3.02. WORKDAY, WORKWEEK, WORK PERIOD EXEMPT EMPLOYEES (MIDDLE, AND EXECUTIVE MANAGEMENT CLASSIFICATIONS AND EFFECTIVE OCTOBER 8, 2018 (PP22) EXEMPT CONFIDENTIAL AND EXEMPT SUPERVISORY CLASSIFICATIONS).

Management employees who are classified as exempt employees under the Fair Labor Standards Act (FLSA) are expected to work the hours necessary to accomplish the job requirements, including working alternate shifts, irregular hours, attending evening meetings, and travel to attend classes, meetings, and/or seminars as required. Exempt employees are generally expected to be available during regular hours of the normal workdays, except as required to meet other job requirements.

- A. ADMINISTRATIVE LEAVE DAYS – Exempt employees are eligible for administrative leave days. In addition to any and all leave, time off, vacation, or other authorized absence from the job, exempt employees shall earn the following number of administrative leave days, based on an eight (8) hour day, each calendar year.
 - 1. Exempt Confidential and Exempt Supervisory – All confidential and supervisory exempt employees shall earn forty (40) hours of administrative leave each calendar year. Administrative leave shall be

pro-rated effective October 8, 2018 to the end of the 2018 calendar year.

2. Middle Management – Employees in the positions of Police Captain, Police Lieutenant and Fire Deputy Chief shall earn sixty four (64) hours of administrative leave each calendar year.

All other unrepresented middle management employees shall earn sixty (60) hours of administrative leave each calendar year. The additional twenty (20) hours will be pro-rated effective October 8, 2018 to the end of the 2018 calendar year.

When a middle management employee is assigned to a 56-hour workweek the calculation for administrative leave days equals 89.6 hours of administrative leave per calendar year.

3. Executive Management – All executive management employees shall earn eighty (80) hours of administrative leave each calendar year.

The administrative leave days for all new hire exempt employees shall be prorated based on their hire date during the initial calendar year of their employment.

Upon promotion of an employee from one management category to another, the employee will receive a prorated amount of administrative leave of their new category, added to their remaining balance of administrative leave, not to exceed the annual accrual amount of their promotional category.

The administrative leave days for all exempt employees shall be taken as time off and shall be used during the calendar year earned or by January 31 of the succeeding year. No more than a maximum of 40 hours of administrative leave is eligible to be cashed out no earlier than the first pay period in December but before January 31 of the succeeding year. Any such administrative leave not taken or cashed out by January 31 shall be forfeited and not reimbursed to the employee.

When an exempt employee separates from City service through resignation, termination, or retirement, said employee shall be entitled to receive full-allowed annual accrual or remaining balance of annual paid administrative leave. At no time will the employee have to reimburse the City for administrative leave.

For the City Manager, Finance Officer and the City Attorney, administrative leave shall be as set forth above unless their respective employment agreement provides otherwise.

SECTION 3.03. HOLIDAYS. Holidays shall be paid in increments of 8 hours, unless designated otherwise. The following holidays are recognized as City holidays for pay purposes:

| | |
|----------------------------|--|
| New Year's Day | The 1 st day of January |
| Martin Luther King Jr. Day | The 3 rd Monday of January |
| President's Day | The 3 rd Monday of February |
| Memorial Day | The last Monday in May |
| Independence Day | The 4 th day of July |
| Labor Day | The first Monday in September |
| Veterans Day | The 11 th day of November |
| Thanksgiving Day | The 4 th Thursday in November |
| Day After Thanksgiving | The day after the 4 th Thursday in November |
| Christmas Day | The 25 th day of December |

Either Christmas Eve or New Year's Eve: As long as the department is adequately staffed as determined by the department head.

If staffing and scheduling makes it such that employees can get neither day off, an alternate day can be selected with approval of the department head if request is made prior to December 1st. Payment authorized for working only when deemed to be an emergency.

One Floating Holiday: To be taken when requested by the Employee and with the approval of the department head. Available to be taken up to December 31 of each calendar year. Floating Holiday will be paid at time of separation if not previously taken for that calendar year. Management employees hired after the second Monday in October would not be eligible for Floating Holiday in that calendar year.

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

SECTION 3.04. MODIFICATION OF HOLIDAY SCHEDULE. It is understood that employees do not report to work on recognized City holidays unless otherwise directed by the Department Head. Subject to regulation and control of the City Manager, the Department Head may require any management employee to work on any or all of said holidays.

SECTION 3.05. HOLIDAY PAY – DAY WORKED NON-EXEMPT

EMPLOYEES. Non-exempt employees eligible for holiday benefits who are required to work on a day designated as a holiday herein shall be paid at the base rate of pay for each hour worked during the first eight (8) hours of work on such holiday and, in addition, shall receive pay equal to and in lieu of time off at the straight time base rate of pay for said holiday. The compensation provided for in this subsection shall be inclusive of any overtime compensation or other benefits to which such employees may be entitled under the provisions of any ordinance or resolution of the City or other applicable law, and not in addition thereto.

SECTION 3.06. HOLIDAY PAY – DAY OFF NON-EXEMPT EMPLOYEES.

When a day designated as a holiday falls on a normally assigned day off of a non-exempt employee who is eligible for holiday benefits, said employee shall receive additional pay equal to and in lieu of time off at the base rate of pay for said holiday.

SECTION 3.07. HOLIDAY PAY – LEAVE OF ABSENCE. A management employee shall not receive holiday pay if he/she is on an approved leave of absence.

SECTION 3.08. HOLIDAY PAY – FIRE DEPUTY CHIEF POSITION AND FIRE BATTALION CHIEF POSITION.

- A.** Every duty day is a workday. Employees shall work their regularly assigned schedule regardless of holidays, unless directed otherwise by the management of the City.
- B.** Employees working a 56-hour workweek shall receive compensation for twelve (12) hours of holiday pay at the straight time base rate of pay for each day designated as a holiday in Section 3.03 during the pay period that said holiday occurs.

SECTION 3.09. MUTUAL AID INCIDENTS

Exempt employees assigned to respond to a State or Federal mutual aid incident shall receive pass through compensation at their straight time base rate of pay for all hours assigned to the qualifying incident outside of their normal working hours provided that the inducement meets the following criteria:

- 1) Within the scope of the California Mutual Aid Plan;
- 2) A reimbursable incident which creates “pass through” funds; and
- 3) Outside the jurisdiction of the City of Merced

Payment for hours worked during reimbursable mutual aid incidents that are reimbursable shall be paid when City is reimbursed.

Fire Battalion Chiefs, Police Lieutenants and Police Captains deployed on mutual aid reimbursable incidents shall be paid at time and one-half of the employee's base rate of pay for all hours worked outside of the employees regularly scheduled shift. Fire Battalion Chiefs who backfill for those who are deployed on mutual aid reimbursable incidents, whether voluntarily hired or mandatorily hired, shall be paid at time and one-half of the employee's base rate of pay for all hours worked outside of the employees regularly scheduled shift. These hours may be used to offset any overtime required under the FLSA.

ARTICLE IV

WAGES

SECTION 4.01. WAGES. The wages shown on Exhibit A attached hereto are hereby incorporated in and made a part of this plan.

SECTION 4.02. CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM.

A. Miscellaneous

For Miscellaneous Management Employees the City shall maintain the 2.5% at age 55 California Public Employees' Retirement Program (CalPERS). The City shall implement a two-tiered retirement system for all Miscellaneous Management Employees, and all new employees hired on or after December 10, 2012 will be covered by the 2% at age 60 benefit formula, if they are eligible for reciprocity as defined by CalPERS. "New Members", as defined by CalPERS, shall be covered by the 2% at age 62 benefit formula.

Participation in the PERS Retirement Program requires both an employer and an employee contribution. Employees shall pay the entire employee contribution required by CalPERS.

B. Public Safety – Fire

For Public Safety Fire Management Employees the retirement plan shall be the California Public Employees' Retirement System (CalPERS) 3% at age 50 Plan. The City has implemented a two-tiered retirement system for Public Safety Fire Employees. All Public Safety Fire Management Employees hired on or after the implementation date of October 7, 2011 shall be covered in the 3% at age 55 benefit formula, if they are eligible for reciprocity as defined by CalPERS. "New Members", as defined by CalPERS, shall be covered by the 2.7% at age 57 benefit formula.

Participation in the PERS Retirement Program requires both an employer and an employee contribution. Public Safety Fire Management employees shall be required to pay the entire employee contribution required by CalPERS.

Optional Death Benefits referred to in the below Government Code Sections agreed upon in the Fire Memorandum of Understanding shall be applicable to Fire Public Safety Management. All associated costs shall be paid by employees:

Government Code 21574 – 1959 Survivor Fourth Level Optional Benefit
Government Code 21548 – Option 2 Death Settlement

C. Public Safety – Police

For Public Safety Police Management Employees the retirement plan shall be the California Public Employees' Retirement System (CalPERS) 3% at age 50 Plan. The City shall implement a two-tiered retirement system for Public Safety Police Management Employees and all new members hired on or after December 10, 2012 shall be covered in the 3% at age 55 benefit formula, if they are eligible for reciprocity as defined by CalPERS. "New Members", as defined by CalPERS, shall be covered by the 2.7% at age 57 benefit formula.

Participation in the PERS Retirement Program requires both an employer and an employee contribution. Public Safety Police Management employees shall be required to pay the entire employee contribution required by CalPERS.

Employee contributions shall be considered pre-tax contributions.

SECTION 4.03. DEFERRED COMPENSATION. The City shall make available a Deferred Compensation Plan for those management employees who wish to participate in said plan. No City contribution is authorized.

SECTION 4.04. BILINGUAL PAY. In accordance with administrative policies and procedures, management employees required to speak or write in Spanish, or other eligible languages in addition to English, and including sign language, as part of the regular duties of his/her position shall be compensated at the following bi-weekly rates in addition to the employee's base rate of pay:

| | |
|---------------------------|---------|
| Verbal Skills Only | \$23.08 |
| Written Skills Only | \$34.62 |
| Verbal and Written Skills | \$46.15 |

Qualified employees will only receive one bilingual premium and may not compound premium payments, even if they are multilingual or provide bilingual and sign language services. The City Manager shall designate which languages shall be eligible for bilingual pay based on community needs and will determine the number of employees who will be eligible for bilingual assignments.

SECTION 4.05. VEHICLE ALLOWANCE. Executive Management employees who regularly use their personal vehicles for City business shall be eligible to receive a monthly vehicle allowance in lieu of using a City-provided vehicle. The amount of the monthly allowance is based upon the expected average miles

driven per month and adjusted annually by the same percentage that the Internal Revenue Service adjusts their mileage allowance used in calculating deductions for the business use of a vehicle. As a condition of receiving a vehicle allowance, Exempt Management employees must verify possession of a valid California Driver's license; verify that the vehicle is being maintained properly on a regular basis; and that coverage is in force for no less than \$100,000 per occurrence/\$300,000 per accident/\$50,000 property damage; and that coverage is being provided by a carrier "admitted in California with an AM Best rating of no less than A:VII."

Management employees who are provided personal use of a City vehicle are expected to keep accurate records to substantiate both the business and personal miles driven in employer-provided vehicles. The personal use of an employer-provided vehicle is taxable to the employee. "Personal Use" includes commuting. Clearly marked police and fire vehicles are exempted from both the record keeping and taxation requirements.

For the City Manager, the City Attorney and the Finance Officer, the vehicle allowance shall be as set forth above, unless their respective employment agreement provides otherwise.

ARTICLE V

VACATION AND SICK LEAVE

SECTION 5.01. CONTINUOUS SERVICE. For the purpose of this article, continuous service means service without any authorized break or interruption during the period for which the employee has been employed by the City. A break or interruption in continuous service shall be construed as a deliberate severance of employment initiated by either the City or the employee for periods of more than fifteen (15) calendar days.

SECTION 5.02. VACATION ACCRUAL. All eligible employees earn vacation benefits in accordance with their length of continuous service as follows:

A. VACATION ACCRUAL CONFIDENTIAL, SUPERVISORY AND MIDDLE MANAGEMENT EMPLOYEES.

During the first five (5) years of continuous service, full-time employees earn vacation benefits at the rate of 3.696 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 192.00 hours.

After completion of five (5) years of continuous service, full-time employees earn vacation benefits at the rate of 4.616 hours each biweekly pay period of continuous service. Employees who earn

vacation at this rate may accumulate vacation to a maximum of 240.00 hours.

After completion of nine (9) years of continuous service, full-time employees earn vacation benefits at the rate of 6.160 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 320.00 hours.

Effective June 18, 2018, after the completion of fifteen (15) years of continuous service, full-time employees earn vacation benefits at the rate of 6.928 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 360.00 hours.

After completion of twenty (20) years of continuous service, full-time employees earn vacation benefits at the rate of 7.696 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 400.00 hours.

After completion of twenty-five (25) years of continuous service, full-time employees earn vacation benefits at the rate of 9.232 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 480.00 hours.

B. VACATION ACCRUAL EMPLOYEES ASSIGNED TO A 56 HOUR WORK WEEK.

Employees assigned to a 56-hour workweek and who have less than five (5) years of continuous service earn vacation benefits at the rate of 4.312 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 224 hours.

After the completion of five (5) years of continuous service, employees assigned to a 56-hour workweek earn vacation benefits at the rate of 6.462 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 336 hours.

After the completion of ten (10) years of continuous service, employees assigned to a 56-hour workweek earn vacation benefits at the rate of 8.624 hours each biweekly pay period of continuous

service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 448 hours.

Effective June 18, 2018, After the completion of fifteen (15) years of continuous service, employees assigned to a 56-hour workweek earn vacation benefits at the rate of 9.699 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 504 hours

After the completion of twenty (20) years of continuous service, employees assigned to a 56-hour workweek earn vacation benefits at the rate of 10.774 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 560 hours.

After the completion of twenty-five (25) years of continuous service employees assigned to a 56-hour workweek earn vacation benefits at the rate of 12.925 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 672 hours.

C. VACATION ACCRUAL EXECUTIVE MANAGEMENT EMPLOYEES.

During the first three (3) years of continuous service, full-time employees earn vacation benefits at the rate of 3.696 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 192.00 hours.

After completion of three (3) years of continuous service, full-time employees earn vacation benefits at the rate of 4.616 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 240.00 hours.

After completion of seven (7) years of continuous service, full-time employees earn vacation benefits at the rate of 6.160 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 320.00 hours.

After completion of twenty (20) years of continuous service, full-time employees earn vacation benefits at the rate of 7.696 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 400.00 hours.

Effective June 18, 2018, After the completion of fifteen (15) years of continuous service, full-time employees earn vacation benefits at the rate of 6.928 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 360.00 hours.

After completion of twenty-five (25) years of continuous service, full-time employees earn vacation benefits at the rate of 9.232 hours each biweekly pay period of continuous service. Employees who earn vacation at this rate may accumulate vacation to a maximum of 480.00 hours.

The City Manager and the City Attorney shall be entitled to the same cash out of vacation set forth below or as otherwise agreed to in their respective employment agreement.

SECTION 5.03. VACATION USE. Vacation used by an non-exempt employee shall be charged against the vacation accrued on an hour-for-hour basis, except as otherwise provided by FLSA.

SECTION 5.04. MAXIMUM VACATION ACCRUAL. When the maximum number of vacation hours is accumulated by an employee, vacation hours cease to accrue to that employee.

SECTION 5.05. Vacation Cash Out. All eligible employees will have the option to cash out up to a maximum of twenty (20) hours of accrued vacation time. Employees who elect to cash out vacation shall have a minimum balance of 100 accrued vacation hours prior to the cash out pay period and shall have completed their initial probationary period with the City of Merced. Vacation payment will take place once per year in the first pay period in December.

SECTION 5.06. PAYMENT OF ACCRUED VACATION UPON SEPARATION. Employees who leave City employment shall be compensated for vacation accrued but not taken up to the date of separation.

SECTION 5.07. SICK LEAVE ACCRUAL. All eligible employees earn sick leave benefits in accordance with their length of continuous service as follows:

- A. Full-time regular employees earn sick leave benefits from the first date of employment at the rate of 3.696 hours each biweekly pay period of continuous service. Employees may accumulate sick leave benefits to a maximum of 1056 accrued sick leave hours.
- B. Employees assigned to a 56-hour workweek earn sick leave benefits from the first date of employment at the rate of 6.003 hours

each biweekly pay period of continuous service and may accumulate sick leave benefits to a maximum of 1500 hours.

SECTION 5.08. SICK LEAVE USE. Sick leave used by an non-exempt employee shall be charged against the sick leave accrued on an hour-for-hour basis, except as otherwise provided by FLSA.

SECTION 5.09. PAYMENT OF EXCESS ACCRUED SICK LEAVE. In January of each year Management employees who have accrued sick leave hours in excess of 960 hours as of the last pay period in the preceding December will be paid at their regular hourly rate for fifty percent (50%) of said hours in excess of 960 hours, but the remaining fifty percent (50%) will be forfeited. Payment will be made by separate check/direct deposit.

In January of each year, employees assigned to a 56-hour workweek, who have unused sick leave hours in excess of 1344 hours as of the last pay period in the preceding December shall be paid at their base rate of pay (1/112 of basic biweekly pay) for fifty percent (50%) of said hours in excess of 1344 hours but the remaining fifty percent (50%) of hours in excess of 1344 hours will be forfeited. Payment shall be made by separate check/direct deposit.

SECTION 5.10. PAYMENT OF ACCRUED SICK LEAVE UPON RESIGNATION, TERMINATION, OR RETIREMENT. To the extent permitted by law, an employee who resigns, is laid off, or is dismissed from City service forfeits all further eligibility to and shall not be paid for any accrued but unused sick leave. An employee who retires from City service shall be compensated at his/her current base rate of pay for fifty (50) percent of sick leave accrued but not taken up to the date of separation and forfeits further eligibility to the remaining fifty (50) percent of accrued sick leave.

When termination is caused by the death of the employee, such pay for fifty (50) percent of sick leave accrued but not taken up to the date of death shall be made to the beneficiary the employee has designated and all further eligibility to the remaining fifty (50) percent of accrued sick leave shall be forfeited.

Should an employee be re-hired by the City of Merced within a 12 month period, the employee will be entitled to the reinstatement of up to three (3) days, but no more than twenty-four (24) hours of unused sick leave accrued during the previous employment.

SECTION 5.11. FAMILY AND MEDICAL LEAVE ACT. In accordance with administrative policies and procedures, management employees will be entitled to family and medical leave required by federal and state law.

SECTION 5.12. HEALTH MAINTENANCE MEDICAL, PHYSICAL AND/OR PSYCHOLOGICAL EXAMINATIONS. When, in the opinion of the City Manager and the appropriate Department Head, it would be in the best interest of the City to evaluate the medical or psychological condition of an employee, the City Manager may direct the Director of Support Services to schedule such employee for an examination, at City expense, with a physician, psychiatrist, or psychologist selected by the City.

In unusual circumstances where the Department Head and the City Manager believe that an employee may present a hazard to himself/herself, co-workers, or others, the City Manager may order the employee's reassignment, or compulsory leave pending results of a medical or psychological examination.

SECTION 5.13. CATASTROPHIC LEAVE BANK. In accordance with administrative policies and procedures, management employees will be entitled to assist other City employees who face extended leaves without pay due to a catastrophic non-industrial occurrence in their lives, and be a recipient of the catastrophic leave bank policy. For the purpose of this plan, a catastrophic occurrence is defined as a serious non-industrial injury or a prolonged illness to themselves, and the affected employee has exhausted all accrued leaves. Both the donor and the recipient must be regular full-time employees, having passed initial probation. Catastrophic leave determinations are non-greivable.

ARTICLE VI

HEALTH AND WELFARE

SECTION 6.01. BENEFITS PROVIDED AND REQUIRED. City shall provide a "cafeteria" plan. Each employee shall be required to participate in the following five benefits to a level that provides for the employee:

- Hospital/medical care benefit,
- Dental care benefit,
- Vision care benefit,
- Disability insurance benefit
- Life insurance benefit.

Employees may request a waiver for medical, dental, or vision coverage from the Support Services Department. Such waiver may be granted only if the employee shows proof of other coverage through the employee's spouse or registered domestic partner as defined in the City of Merced Administrative Policy P-27 effective December, 1, 2006. Should an employee who has obtained a waiver to this provision lose such alternative coverage, the employee shall provide proof to the Support Services Department within five (5) business days and enroll in a City-provided insurance program. If waiver of coverage is granted the allowances as outlined in Section 6.03 will be adjusted accordingly.

Participation for the employee's dependents, and participation in other coverages offered, is optional.

SECTION 6.02. PLAN SELECTION AND EMPLOYEE BENEFIT COMMITTEE.

The City shall provide a selection of employee health and welfare benefits for eligible employees and retirees, including but not limited to at least two options each for hospital/medical care plan, dental care plan, vision care plan, life insurance plan, and disability insurance plan. The plan shall be selected solely by the City following review of proposals by the Employee Benefits Committee. For the purpose of this section, it is understood that the role of the Employee Benefits Committee is advisory to the City Council. The Committee shall be comprised of representatives of each of the City's bargaining units and management.

SECTION 6.03. SCHEDULE OF ALLOWANCES PER PAY PERIOD. The City shall contribute an amount per bi-weekly pay period (based on twenty-six pay periods annually) as the Cafeteria Allowance Per Pay Period.

Effective December 18, 2017 (PP1) the per pay period allowances are as follows:

Medical

| | |
|---------------------------|----------|
| Employee only | \$229.50 |
| Employee plus one | \$470.07 |
| Employee plus two or more | \$690.93 |

Dental, Vision, Disability and Life

| | |
|---------------------------|---------|
| Employee only | \$33.73 |
| Employee plus one | \$47.50 |
| Employee plus two or more | \$67.71 |

Any increase in the sum of core premiums necessary to purchase the above listed coverages will be shared (55/45) between the City and the employee with the City paying 55% of the increase and the employee paying 45% of the increase. The City's portion shall reflect an increase in the Cafeteria Per Pay Period.

"Core" is defined as the basic offerings in the Cafeteria Plan listed in 6.01.

The employee shall be responsible for the balance of the premiums, if any, beyond the Cafeteria Allowance Per Pay Period. This applies for all insurance coverages selected, whether those coverages are part of the five basic offerings in the cafeteria, or other selections. In order to avoid issues of adverse selection and recognizing the interest of the City in avoiding escalation of insurance premium expenses, no employee shall receive cash back, except that an employee who is married and whose spouse or registered domestic partner is

also a current City of Merced employee, accepted for waiver of medical coverage, shall receive cash back equal to twenty-five percent (25%) of the core medical premium for a single individual.

Employee contributions may be made on a pretax basis if the employee elects to participate in a Section 125 plan.

SECTION 6.04. MEDICAL/HEALTH, DENTAL AND VISION CARE COVERAGE AFTER RETIREMENT.

A. In accordance with Administrative Policy and Procedure No. P-17, the City shall provide a hospital/medical care plan for eligible retirees. The hospital/medical care plan shall be selected solely by the City and shall provide essentially the same benefits to retirees as are provided to full-time employees. An employee shall be considered a retiree of the City if the employee retires in the California Public Employees' Retirement System and his/her last active place of full-time employment within the system was with the City. All retirees are eligible except as provided in (E) below and shall receive hospital/medical care coverage under the following conditions:

1. The retiree is age 50 or over with at least ten (10) years of service with the City; or
2. Retiree is retired because of a service-connected disability; or
3. Retiree is retired because of a non-service connected disability with at least ten (10) years of service.

A spouse of an eligible retiree may remain on the plan until the retiree is deceased. The spouse or registered domestic partner and retiree shall be responsible for payment of the premium for coverage of spouse.

B. For those retirees in retirement status prior to January 1, 2008 (January 1, 2009 in the case of executive management) the City agrees to contribute the amount necessary to provide a comparable hospital/medical plan for each eligible retiree.

For those active employees in confidential, supervisory and middle management categories who retire on or after January 1, 2008, and for employees in the executive management category who retire on or after January 1, 2009, the City agrees to contribute the monthly premium for each eligible retiree capped at the following amounts: \$390.55 monthly for Retirees over 65, and \$546.51 monthly for Retirees under 65. The Retiree shall pay any amount over the capped premium.

- C. Supplemental Retirement Medical Allowance. An employee retiring on or after January 1, 1999, and eligible for retirement medical benefits as provided in this Section, said retired employee and spouse or registered domestic partner and/or other dependents shall continue to be covered under the City's medical plan until both persons reach age 65. The City shall pay the premium for the retired employee, and the dependent(s) premium shall be the responsibility of the retired employee. At the age of 65, the City's medical plan shall be secondary to Medicare medical coverage or any other benefit coverage available to the retired employee and eligible spouse or registered domestic partner.
- D. An eligible employee who retires after August 1, 1998, and his/her spouse and/or dependents shall be eligible to continue coverage under the City's dental and vision plans. The premiums shall be the responsibility of the retired employee. At the age of 65, or upon the dropping of coverage by the employee, or the death of the eligible employee, the City's dental and vision plans will no longer be available to the retired employee and his/her eligible spouse or registered domestic partner and/or dependents.
- E. Management employees initially hired by the City after July 4, 2006 will not be entitled to receive the City's health/medical plan coverage after retirement, except that such employees may purchase, at their expense, coverage under the City health plan after the age of 65 as a supplement to Medicare. The participant may elect to continue coverage under COBRA if there is a qualifying event.
- F. Any employee deemed to be terminated by the City as the result of the following disciplinary actions shall not be eligible for the City of Merced health/medical/dental/vision coverage after retirement.
1. Conviction of a felony or misdemeanor involving moral turpitude. A plea or a verdict of guilty, or a conviction following a plea of nolo contendere, to a charge of a felony or any offense involving moral turpitude is deemed to be a conviction.
 2. Fraud or the submission of false information related to the employment application, payroll, or any work related record or report in an amount equal to Grand Larceny under the Penal Code.
 3. Intoxication, intemperance, or incapacity on duty or due to addiction to the use of controlled substances or alcohol.

ARTICLE VII

LEAVES OF ABSENCE

SECTION 7.01. BEREAVEMENT LEAVE. In the event of a death in the immediate family, an employee, upon request, shall be granted up to twenty-four (24) hours bereavement leave with pay without charge to accumulated sick leave or vacation. An additional twenty-four (24) hours bereavement leave shall be granted upon request of the employee, if sufficient accrued hours are available, where extensive travel is required to attend the funeral, or where other extenuating circumstances require the attendance of the employee for additional time. Such additional bereavement leave shall be charged against the employee's accumulated sick leave.

For purposes of this subsection, the immediate family is defined as father, mother, spouse, domestic partner, child as defined by law, brother, sister, mother-in-law, father-in-law, grandparents, and grandchildren related by blood, marriage or adoption.

SECTION 7.02. OTHER FUNERAL LEAVE. In the event of the death of a person not immediately related to an employee, as defined above, upon request, the City Manager may grant additional hours of bereavement leave which shall be charged against the employee's sick leave credits.

SECTION 7.03. ARMED FORCES LEAVE. Leaves of absences for armed forces service shall be granted to employees in accordance with State and Federal law.

SECTION 7.04. ABSENCE WITHOUT OFFICIAL LEAVE (AWOL). Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved, revoked or cancelled, or at the expiration of a leave, shall be considered an absence without official leave.

SECTION 7.05. VOLUNTARY RESIGNATION. Any employee covered under this Plan absent without official leave for two (2) or more consecutive days or absent an aggregate of sixteen (16) hours in any calendar month without a satisfactory explanation shall be deemed to have voluntarily resigned from the City of Merced. In addition, such employee shall also be considered to be absent without leave as set forth in Section 7.04 above. However, final payment for services rendered to the City shall be made as required by law.

ARTICLE VIII

UNIFORMS

SECTION 8.01. UNIFORMS.

- A. UNIFORMS.** The City shall provide uniforms for employees who are required as a condition of employment to wear uniforms. The City Manager will determine the classes of positions for which uniforms will be provided and the types of uniforms that will be furnished. The City reserves the right to eliminate uniforms in any of the classes of positions. Uniform allowance is pro-rated based upon hire date

UNIFORMS FOR FIRE DEPARTMENT AND POLICE DEPARTMENT MANAGEMENT EMPLOYEES. Effective June 18, 2018 (PP14), on an annual basis the City agrees to provide \$1,050.00 per employee for each management Fire and Police employee required to wear a uniform.

Effective June 17, 2019 (PP 14) uniform allowance shall be paid at a bi-weekly amount of \$40.38.

All applicable deductions will be subtracted from payments for uniform allowance and paid by employee.

UNIFORMS FOR NON-SWORN EMPLOYEES. The Police Chief shall have the discretion to determine which Police Department non-sworn employees are required to wear a uniform. For those employees required as condition of employment to wear a uniform, the City shall provide the required uniforms and footwear. Cleaning of uniform shall be the responsibility of the employee. Replacement and/or repair of uniform and footwear shall be the responsibility of the City, and shall not be unreasonably denied. The Uniform is not a requirement to perform the duties of the job. However, if the City provides uniforms and footwear, and the employee accepts the uniforms and footwear, then the employee is required to wear the uniforms and footwear when performing his/her duties with the City. Applicable deductions will be subtracted from the employee's bi-weekly pay.

When a management employee separates from City service through resignation, termination, or retirement, said employee shall not be required to reimburse the City for uniform maintenance allowance.

ARTICLE IX
DURATION OF COMPENSATION PLAN

SECTION 9.01. DURATION OF COMPENSATION PLAN.

- A. Except as otherwise set forth in this Plan, the specific provisions of this Plan shall take full force and effect upon adoption of a resolution approving this Compensation Plan by the City Council, and shall remain in effect through December 31, 2019. Solely to avoid a gap in term dates of Compensation Plans, term date will reflect as January 1, 2018 through December 31, 2019
- B. This document supersedes all previous documents which relate to management employees except as specifically referred to in this document and except as specifically authorized by ordinance, resolution, administrative directive issued by the City Manager through Administrative Policies and Procedures, the Personnel Rules and Regulations, or separate written agreement with the City.

ARTICLE X
LAYOFF

SECTION 10.01. LAYOFF.

- A. In lieu of being laid off, an employee may elect demotion ("bumping") to:
 - 1. Any class in the same class series with a lower maximum salary;
 - 2. A class in the same line of work (as determined by the City) as the class of layoff, but of lesser responsibility, and with substantially the same or a lower maximum salary.
- B. In order to bump to a new classification, the employee must have more seniority than the employee that will be displaced.
- C. The employee bumping to a new classification must have held that classification at some time in his/her career with the City of Merced.
- D. Seniority is determined by the total continuous years in the City. The following provisions apply in computing total continuous service:
 - 1. Time spent on military leave shall count as service in the event the leave was taken subsequent to employment;
 - 2. Time worked in a regular and/or probationary status shall count as service;

3. Time worked in an extra help, seasonal, provisional, temporary, grant, or other limited term status, shall not count as service.
- E. To be considered for demotion in lieu of layoff, an employee must notify the Director of Support Services within seven (7) calendar days of receipt of the notice of layoff.
- F. In cases where there are two or more employees in a class from which the layoff is to be made, such employees shall be laid off in inverse order of seniority.
- G. Employees bumping to a lower or similar class shall be placed at the salary step representing the least loss of pay, without exceeding the employee's current base rate of pay.
- H. The names of persons laid off or demoted in accordance with this policy shall be entered upon a re-employment list in the order of layoff. Such list shall be used by the City Manager when a vacancy arises in the same or lower class.
- I. Names of persons laid off shall be carried on a re-employment list for two (2) years, except that persons appointed to regular positions of the same or higher level shall be dropped from the list upon such appointment. Persons re-employed in a lower class, or on a temporary basis, shall be continued on the list for the higher position for the two (2) years.
- J. Refusal of a person to accept the first offer of re-employment within the same classification or a classification at the same or higher range shall cause the name of the person to be dropped from the re-employment list. Failure of a person to respond within seven (7) work days to the offer of re-employment shall be considered a refusal.
- K. An employee may not demote to a frozen position or a position that is being eliminated as part of the layoff, and an employee electing demotion must meet the minimum qualifications for the new classification.

ARTICLE XI

TOBACCO PRODUCT USE

SECTION 11.01. TOBACCO PRODUCT USE. The City of Merced declares a hiring policy which disqualifies habitual users of tobacco products from eligibility for employment. Employees hired for positions in one of the management categories after July 1, 2006 (including promotion, transfer, or reclassification from a position in one management category to another) shall not be permitted to

use tobacco products, consistent with this policy. Failure to follow this policy will lead to disciplinary action, up to and including dismissal.

Employees hired into a management category prior to June 30, 2006 will be permitted to use tobacco products in a manner consistent with any restrictions established by State law, administrative policy and this agreement.

Under no circumstances shall any tobacco product be used at any time inside a City building or vehicle or on City owned property.

ARTICLE XII

EDUCATIONAL REIMBURSEMENT

SECTION 12.01. EDUCATIONAL REIMBURSEMENT. Under Administrative Policy P-6, unrepresented employees may be eligible for reimbursement for graduate and post-graduate work if a proposal is filed in writing with the Department Head (or City Manager) outlining benefits to the City from such training. Said benefits to the City should be beyond those normally required within the applicable class specification.