

**MEMORANDUM OF UNDERSTANDING
BETWEEN
CONFIDENTIAL EMPLOYEES' AND CITY OF CAPITOLA
PERIOD 7/01/2018 – 6/30/2020**

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**CONFIDENTIAL EMPLOYEES
MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding (MOU) is made and entered into between the City of Capitola (hereinafter referred to as "City") and the Confidential employees, who are: City Clerk, Assistant to the City Manager, Information Systems Specialist and Executive Assistant to the City Manager. This MOU covers the period from 07/01/2018 – 06/30/2020.

SECTION I. WAGE SCHEDULES/HOURLY RATES/EMPLOYMENT STATUS

The wage schedule attached to this Memorandum of Understanding sets forth the base pay, subject to such adjustments (such as longevity pay) as are specifically set forth in this MOU. Letters "A" to "E" have been used to designate the respective pay steps for each position. The rates contained in the wage schedule are base salary rates and do not include overtime or benefits.

Whenever it is necessary to compute an hourly pay rate to apply a provision of this MOU, that will be done by multiplying the monthly rate by 12 to derive an annual rate, and dividing the annual rate by 2080 (or proportionate number of hours for part time positions, e.g., 1040 for a half-time position).

Effective the first pay period after association ratification and Council approval of the successor MOU in accordance with the Brown Act, the salary range for each classification shall be readjusted by 2.25%,

Effective the first full pay period of July 2019, the salary range for each classification shall be readjusted by 2.25%.

1. Service

The word "service" as used in this MOU means continuous full-time service in the position in which the employee is being considered for salary advancement, service in a higher position, or service in a position allocated to the same salary schedule and having generally similar duties and requirements. A lapse of service of any employee for a period of time longer than thirty days by reason of resignation or discharge shall serve to eliminate the accumulated length of service time of such employee, and any such employee re-entering the service of the City shall be considered as a new employee, unless another standard is established by the personnel rules, in which case that standard shall apply.

2. Types of Appointment:

For all types of appointments refer to the personnel rules except for Acting Appointments.

Acting appointment may be either full-time or part-time, as established by the City Manager. An acting appointment occurs when an employee is temporarily assigned to, and performs all duties of a position other than the position he/she normally occupies or when an employee is assigned an acting appointment pending evaluation of the employee's ability to perform the duties of the

position. While serving under an acting appointment, an employee will receive additional compensation as determined by the City Manager. Such pay will be no less than 5% above the employee's regular compensation. It may be up to, but ordinarily will not be in excess of the first step of the position occupied.

3. Overtime

Confidential employees are exempt under FLSA, and therefore not entitled to overtime compensation.

4. Effective Date of Pay Increase

A merit pay advancement for an employee shall become effective on the first day of the pay period in which the minimum length of service has been satisfactorily completed.

All other pay rate changes, except those given a specific calendar date herein, shall become effective at the beginning of a two week pay period as approved by the City Manager.

5. Signing Bonus

Contingent upon a tentative agreement by June 28, 2018 which is ratified by the membership. All full-time employees at the time of ratification in the Confidential bargaining unit shall receive a one-time \$1500 signing bonus, minus applicable taxes. The one-time signing bonus shall be paid the first full pay period after ratification by the Capitola City Council. Employees in the group working less than full-time shall receive a prorated signing bonus (Employees working 30 hours per week shall receive a one-time \$1125 signing bonus, employees working 20 hours per week shall receive a one-time \$750 signing bonus).

6. Total Compensation Study

The parties agree to meet up to five meetings within the period of 270 -180 calendar days prior to the expiration of the contract to reach agreement on the comparable agencies, bench mark classes and survey elements of a total compensation study in preparation for successor contract negotiation post June 30, 2020. If the parties are unable to reach agreement on the comparable agencies, benchmark classes and survey elements of a total compensation by 180 calendar days of the expiration of the contract, the parties are free to conduct their own respective total compensation study. Implementation of any results is subject to the bargaining process for successor contract negotiations post June 30, 2020.

SECTION II: LEAVE PROVISIONS

1. Vacation

a. Vacation Accrual

Vacation accrues on a prorated basis, based upon a 30-day month. The rates of accrual are as follows:

<u>Years of Employment</u>	<u>Vacation Days</u>
1 and 2	12
3 and 4	14
5 through 9	17
10 through 19	22
20 and higher	27

b. Accumulation

An employee may not accumulate more than, but instead each year must cash out pursuant to Section d, below, all accumulated vacation in excess of 360 hours;

c. Vacation Cash Out Upon Termination

Upon termination, an employee shall be paid for all accumulated vacation to the separation date, at a rate equal to 100% of his/her current hourly pay rate. Alternatively, an employee may individually contractually establish, in writing, with the City Manager, mutually agreeable provisions regarding the timing and terms of the cash payout.

d. Vacation- Mandatory Cash Out Before Termination

An employee who has accumulated more than 360 hours as of the last pay period in April of any year shall be paid in cash at a rate equal to 100% of his/her current hourly pay rate for all hours in excess of 360 such payment shall not exceed the employee's annual vacation accrual amount. These cash out payments will be included with the paycheck for the first full pay period in May.

e. Optional Vacation Cash Out

In any calendar year an employee may cash out up to 80 hours of accumulated vacation.

2. Sick Leave

a. Sick Leave Accrual

Sick leave accrues on a pro-rated basis, based upon a 30-day month. Twelve days accrue each calendar year.

b. Sick Leave-Family Care

Sick leave may be used to care for members of the immediate family in accordance with the FMLA and CFRA, or as approved by the City Manager.

c. Sick Leave Cash Out;

Sick Leave may not be cashed out.

3. Administrative Leave Accrual

As exempt employees, the Confidential Employees are entitled to ten days per year of administrative time off. Administrative Leave is non-cumulative. It may not be converted to cash. One year's worth of Administrative Leave becomes available on the first day of the calendar year. The exception is persons hired mid-year, in which case administrative leave is prorated for the applicable period.

3. Personal Holidays

All regular positions are entitled to three (3) personal holidays per calendar year. Unused Personal Holidays are not cumulative.

4. Bereavement Leave

Leave of absence with pay because of death in the immediate family of an employee shall be granted for a period not to exceed three days. Entitlement to leave of absence under this section shall be in addition to any other entitlement for sick leave, or any other leave. For purposes of this section, "immediate family" means mother, step-mother, father, step-father, husband, wife, domestic partner as defined by the State of California, son, step-son, daughter, step-daughter, brother, sister, foster parent, foster child, brother-in-law, sister-in-law, mother-in-law, father-in-law, grandparents and any individual to whom an employee is serving in Loco Parentis.

5. FMLA and CFRA

The City shall follow the provisions provided for family leave as specified in the federal Family & Medical Leave Act of 1993 (FMLA), and the California Family Rights Act (CFRA) as they apply to public employers.

6. Holiday Schedule

There shall be twelve (12) holidays granted annually for the term of the MOU. The holidays to be observed during calendar year are set forth below.

New Year's Day	1/01/
Martin Luther King Day	*
Lincoln's Birthday	*
Washington's Birthday	*
Memorial Day	*
Independence Day	7/4/
Labor Day	*
Columbus Day	*
Veterans' Day	11/11/
Thanksgiving Day	*
Friday Following Thanksgiving	*
Christmas Day	12/25/

* These holidays shall be taken at the same time as the federal holidays are taken. Holidays listed above occurring on a Saturday shall be observed on Friday. Holidays occurring on a Sunday shall be observed on Monday.

In addition, City Hall will be closed for one week during the Christmas holidays during which employees affected by the closure will be permitted to use vacation, personal holidays or sick leave in order not to lose compensation.

7. Jury Duty

Leave of absence with pay shall be granted to an employee while serving on jury duty. Time spent commuting from home to and from jury duty is not compensable; time spent traveling from court to place of work is compensable. Any jury fee awarded shall be deposited with the City Treasurer.

8. Leave of Absence Without Pay

A leave of absence without pay may be granted by the City Manager upon the request of the employee seeking such leave, but such leave shall not be for longer than one year.

9. Accruals after Date of Separation

An employee's separation date is the last date actually worked, except that an employee who, as of the last day worked, has not used all of his/her yearly allotment of vacation may extend the separation date by the number of days necessary to reach the full yearly allotment. "Yearly allotment" means the amount of vacation that the employee was entitled to accrue in his/her last year of employment. Unless otherwise provided by state law, none of the following accrue after the date of separation: sick leave, vacation, personal holidays, holiday pay, administrative leave, Flex Plan contributions, or payment of the insurance premiums described in Section III.5 below.

SECTION III: BENEFITS

(Regarding benefits available to part-time employees', see Section 2, above.)

1. Flexible Spending Arrangement Contributions

The City makes a flexible spending arrangement ("Flex Plan") contribution on behalf of each qualified employee for medical, dental & vision coverage. For those employees who have selected health coverage through PERS, from the monthly contribution set forth herein, effective January 1, 2018 a \$133.00 per month contribution will be paid to PERS for what is sometimes referred to as "employer contribution". This amount is the minimum amount required by PERS, recognizing that state law may increase this minimum from time to time requiring compliance by City. The City's maximum contribution below is inclusive of the required PEMCHA minimum.

Effective Dates	Employee Only	Employee +1	Employee +2
First full pay period in July 2018 the monthly maximum contribution (inclusive of PEMCHA minimum)	\$800.00	\$1,300	\$1,700

First full pay period in July 2019	\$824.00	\$1,339	\$1,751
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2. Opt-Out

Employees who can verify to the City's satisfaction that they have equivalent group health coverage for medical (including dental & vision), which will remain in effect until the next enrollment date will be eligible for a cash payment of \$250.00 per month. The City reserves the option of adding additional programs to the cafeteria plan, as they may become available. The City will enable interested employees to participate in union sponsored medical plans.

3. Retirement Benefits CalPERS

The City participates in the California Public Employees' Retirement System (CalPERS) operated by the State of California. Benefits provided are detailed in separate publications, depending upon the plan. The City provides 2.5% at 55 Retirement Plan for non-sworn employees, with the single-highest year option. Contributions will be reported in accordance with the current CalPERS contract, i.e. the employee portion (8%) plus any amount above the cap is reported to PERS as paid by the employee.

Beginning July 1, 2018, all classic employees in this bargaining unit shall contribute 13.392% of their reportable salary to CalPERS. This contribution shall not be reduced unless negotiated by the parties in future negotiations.

In 2007, the City implemented a cost-sharing benefit that consists of the City paying 8% of the normal members contributions as Employer Paid Member Contributions (EPMC), with additional cost sharing contributions not to exceed a total of 16.259% through June 30, 2019. The City agrees to report the value of the Employer Paid Member Contributions as salary for retirement benefit plan purposes.

California Public Employees' Pension Reform Act (PEPRA) For new miscellaneous employees hired by the City of Capitola on or after January 1, 2013 and who do not qualify as classic members as defined by CalPERS, CalPERS has by statute implement a 2.0% @ 62 pension formula, based on a three-year average compensation. Employees in this category shall pay 50% of the normal cost rate as determined by CalPERS.

4. Physical Examinations

The City, for any employee receiving flex credit contributions, will provide a biannual physical examination for employee. The City will pay the amount not covered by the health care program.

5. Insurance.

The City will continue to provide term life insurance in the amount of \$50,000 and long-term disability insurance.

6. Mileage Reimbursement

Employees required to use their personal vehicles while on City business will be reimbursed at the rate set by the Internal Revenue Service.

SECTION IV: INCENTIVE PROGRAMS

1. Longevity Pay Incentive

Upon completing continuous years of service with the City, an employee's base pay shall be increased as follows:

- a. 15 years' continuous service - 5%
- b. 20 years' continuous service - an additional 5%, which shall be compounded with the 15 year recognition.

2. Education Reimbursement Program

The City will reimburse employees for tuition upon the completion of courses approved in advance by the City Manager up to a maximum of \$500 per calendar year for classes completed in that same calendar year. Textbook reimbursement for courses approved in advance by the City Manager shall be at 100%.

3. Bilingual Pay

Employees proficient in the Spanish language shall receive premium pay equal to five (5%) percent of base salary in addition to their regular wage, if:

- a. Employee passes the City's bilingual competency test as administered by the Personnel Department on an annual basis to maintain the bonus pay. The City Manager may waive the annual testing requirement for individuals upon recommendation of the department head. Annual basis refers to the fiscal year; and
- b. The employee is required to serve as a translator on a regular and ongoing basis, as certified by the Department Head.

SECTION V: MISCELLANEOUS

Nothing in this plan will preclude the incumbents of any position from negotiating individual contractual provisions, provided that: such individual negotiations arise out of situations in which the employee has, or is negotiating towards, voluntarily terminating his/her employment or temporarily working in a higher paid position; and any resulting provision does not purport to affect the rights of any other member of the unit.

1. Fair Labor Standards Act

All positions included in this Compensation Plan are covered by appropriate sections of the Fair Labor Standards Act of 1935, and are specifically subject to Rule No. 54.118 (salaried executive employees are not paid at a higher rate for what might otherwise be labeled "overtime", correspondingly, their salary is not reduced "for any week in which (s)he performs any work without regard to the number of days or hours worked." Accordingly, bi-weekly time sheets will not result in adjustments to the compensation for the period, but merely for yearly evaluation of whether the position is, after factoring in administrative leave, over or under staffed. However, time off for sick leave purposes shall be reported and reflected in the accumulated sick leave calculations.

2. Legal Defense

Except as provided in Government Code Section 995.2, City shall provide a defense including but not limited to legal counsel in: a) any civil action or proceeding described in Government Code Section 995; b) any administrative action or proceeding described in Section 995.6; or any criminal action or proceeding described in Government Code Section 995.8. "Proceeding" as used in this section is applicable to situations where a claim or action is threatened, but not filed, if a reasonable, prudent person would consult or retain counsel in response to the possibility of actual civil, administrative, or criminal action. If City pays for a defense, but a court or tribunal issues a final ruling that would, under Section 995.2, preclude City payments for defense, employee shall immediately reimburse City, and if he/she fails to do so, City may offset any such amounts against compensation otherwise due employee under this contract.

3. Use of Employer Facilities

Employer facilities, such as the City Hall Community Room, may be made available, upon timely application, for use by employees and the recognized entity representing the employees. Such use shall not occur during regular duty hours, other than the lunch period. Application for such use shall be made to the management person under whose control the facility is placed.

4. Bargaining Time

A reasonable number of Employee members of the entity representing the bargaining unit shall be allowed time to absent themselves from duties for a reasonable period without loss of pay, for the purpose of participating in contract negotiations. They shall be extended the same privilege to participate in any meetings mutually called by the parties during the term of this agreement for review of grievances and contract compliance questions.

5. Severability

If any of the provision herein contained be rendered or declared invalid by reason of any State or Federal legislation, or by ruling of any court of competent jurisdiction, such invalidation of such part or portion of this Memorandum of Agreement shall not invalidate the remaining portions hereof, and they shall remain in full force and effect, insofar as such remaining portions are severable.

CITY OF CAPITOLA

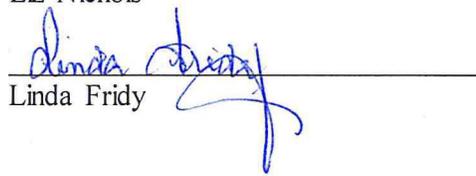
CONFIDENTIAL EMPLOYEES



 Jamie Goldstein
 City Manager



 Liz Nichols



 Linda Fridy

Attachment 1

CONFIDENTIAL SALARY SCHEDULE					
JULY 1, 2018 - JUNE 30, 2019	Monthly				
2.25% COLA	A	B	C	D	E
ASSIST TO CITY MGR	\$7,145.02	\$7,501.93	\$7,876.64	\$8,271.36	\$8,684.99
CITY CLERK	\$6,597.96	\$6,928.20	\$7,273.99	\$7,637.58	\$8,020.07
EXEC ASSIST TO CITY MGR	\$5,163.62	\$5,421.58	\$5,694.00	\$5,978.64	\$6,277.74
INFORMATION SYSTEMS SPECIALIST	\$5,096.91	\$5,351.53	\$5,618.39	\$5,899.70	\$6,194.35

Hourly				
A	B	C	D	E
\$41.22	\$43.28	\$45.44	\$47.72	\$50.11
\$38.07	\$39.97	\$41.97	\$44.06	\$46.27
\$29.79	\$31.28	\$32.85	\$34.49	\$36.22
\$29.41	\$30.87	\$32.41	\$34.04	\$35.74