

**THE CITY OF NEWPORT BEACH KEY AND MANAGEMENT  
EMPLOYEES  
COMPENSATION PLAN**



July 12, 2025 through June 30, 2028

## SECTION 1. INTRODUCTION

The following represents the salary and benefit program established by the City Council for Key and Management. The Key and Management Compensation Plan shall in no manner be interpreted as a guaranteed or implied contract between the City and any employee or group of employees.

The Key and Management Group is divided into five categories:

- Executive Management
- Administrative Management
- Administrative Management-Safety
- Division Management
- Confidential

Appendix A lists all classifications in each category.

## SECTION 2. COMPENSATION

### A. SALARY

#### 1. Non-Safety:

Key and Management non-safety employees will receive the following cost of living adjustments, as provided in Appendix A:

Effective ~~the first day of the pay period following January 1, 2022~~ July 12, 2025, salary schedules will be adjusted to provide a ~~two-five~~ percent (~~2.05~~%) cost of living adjustment to base salaries.

Effective the first day of the pay period following ~~January-July 1, 2023~~ 2026, salary schedules will be adjusted to provide a ~~three-four~~ percent (~~3.04~~%) cost of living adjustment to base salaries.

Effective the first day of the pay period following ~~January-July 1, 2024~~ 2027, salary schedules will be adjusted to provide a three percent (3.0%) cost of living adjustment to base salaries.

~~Effective the first day of the pay period following January 1, 2025, salary schedules will be adjusted to provide a three percent (3.0%) cost of living adjustment to base salaries.~~

#### 2. Safety:

Key and Management safety employees will receive the following adjustments, as provided in *Appendix A*:

~~Cost-of-livingSalary~~ adjustments for the Police Chief classification shall occur at the same time and be the same ~~percentage~~ as ~~cost-of-livingsalary~~ adjustments received by Police Lieutenants pursuant to the Police Management Association MOU employees during the term of this Plan. ~~Cost-of-livingSalary~~ adjustments for the Police Chief may be modified by the City Council through an individual employment agreement approved by the City Council, in a City Council approved Key & Management Compensation Plan, as amended, or in a Resolution adopted by the City Council.

~~Cost-of-livingSalary~~ adjustments for the Assistant Police Chief classification shall be tied to the ~~cost-of-livingsalary~~ adjustments received by Police Lieutenants pursuant to the Police Management Association MOU employees during the term of this Plan.

~~Cost-of-livinSalary adjustmentsg adjustments~~ for the Fire Chief classification shall occur at the same time and be the same percentage as the ~~base~~ salary increases received by the Administrative Division Chief classification pursuant to the Fire Management Association MOU employees during the term of this Plan. ~~Cost-of-livingSalary~~ adjustments for the Fire Chief may be modified by the City Council through an individual employment agreement approved by the City Council, in a City Council approved Key & Management Compensation Plan, as amended, or in a Resolution adopted by the City Council.

~~Cost-of-livingSalary~~ adjustments for the Assistant Fire Chief classification shall be tied to the ~~cost-of-livingsalary~~ adjustments received by the Administrative Division Chief classification pursuant to outlined in the ~~Key & Management Compensation Plan~~ Fire Management Association MOU during the term of this Plan.

~~Cost-of-livingSalary~~ adjustments for the Assistant Chief, Lifeguard Operations classification shall be tied to the ~~cost-of-livinsalaryg~~ adjustments received by Lifeguard Management Association Battalion Chiefs during the term of this Plan.

#### ~~Salary Schedule Adjustment~~

~~Effective the pay period which includes July 1, 2023, the City will add a new top step ("New Top Step") to the salary schedules for all positions, except Executive Management positions, which shall be five percent (5%) more than the current top step ("Current Top Step"). The first step for all positions covered by the Plan currently in effect is not being eliminated.~~

~~With the following exception, step advancement through the salary ranges is unaffected by the addition of the New Top Step:~~

~~Employees who have been at the Current Top Step for longer than 12 months as of June 30, 2023, will advance to the New Top Step in the pay period which includes July 1, 2023.~~

~~Effective the pay period which includes July 1, 2023, the City will add five percent (5%) to the top of the salary ranges for Executive Management positions. The bottom of the salary ranges for Executive Management positions will not change. As noted below, advancement through the salary range for Executive Management positions is not automatic; rather, movement is at the discretion of the City Manager.~~

## B. RANGE ADVANCEMENT

Advancement through the salary range varies depending on the Group to which the employee is assigned:

Executive Management - No steps; movement at the discretion of the City Manager.

Administrative Management – Six-step range with eligibility for merit step increases on an annual basis.

Administrative Management-Safety - Six-step range with eligibility for merit step increases on an annual basis.

Division Management - Six-step range with eligibility for merit step increases on an annual basis.

Confidential - Nine-step range with eligibility for merit step increases on an annual basis.

Salary steps are placed in five percent (5%) increments within the range for Administrative Management, Administrative Management-Safety, Division Management, and Confidential groups.

## C. PERFORMANCE REVIEWS AND ANNIVERSARY DATES

All Key and Management employees hired prior to December 31, 2001 will have a December 1, or first full pay period in December, anniversary date. Key and Management employees hired after December 2001 will have an anniversary date based upon hire date, ~~and hours of service~~. All Executive Management performance evaluations will be reviewed by the City Manager prior to implementation of any range advancement.

## D. BILINGUAL PAY

Upon determination by the Department Director that an employee's ability to speak, read and/or write in Spanish or other language as approved, contributes to the Department, the employee shall be eligible to receive \$150 per month (paid each pay period) in bilingual pay. The certification process will confirm the employee is fluent at the street conversational level in speaking, reading and/or writing Spanish or other approved language. Employees certified shall receive bilingual pay the first full pay period following certification.

The parties agree that to the extent permitted by law, the City shall report to the California Public Employees' Retirement System (CalPERS) bilingual pay as Special Assignment Pay pursuant to Title 2 CCR, Section 571(a)(4) and/or 571.1 (b)(3) Bilingual Premium.

#### E. NON-EXEMPT OVERTIME AND COMPENSATORY TIME OFF

Employees in non-exempt positions are eligible to receive overtime or compensatory time off. FLSA overtime for non-exempt positions shall be paid at one-and-one-half (1½) times the employee's regular rate of pay. The rate at which Non-FLSA Overtime is calculated shall not include the City's Cafeteria Plan Allowance, the opt-out Cafeteria Plan Allowance, or any cash back an employee may receive from the Cafeteria Plan Allowance by choosing benefits which cost less than the Allowance. Overtime work must be approved by the employee's supervisor.

Compensatory time off for non-exempt positions shall be earned at the rate of one- and- one-half (1½) times for every overtime hour worked. Employees may accumulate up to eighty (80) hours of compensatory time off. Overtime hours worked in excess of the 80 hour compensatory time off bank will be paid out as overtime until the compensatory time off bank falls below the 80 hour cap.

#### F. JURY DUTY

A Key and Management employee called to serve as a juror shall notify his/her supervisor as soon as he/she is notified that he/she has to appear for duty. If an employee calls in the night before and finds out he/she has to report for jury duty the next day, the employee should send an email to his/her supervisor as soon as possible to let the supervisor know that the employee will be reporting to jury duty the following day. Key and Management employees of the City legally required to serve as a juror shall be entitled to leave with pay and all benefits for a period of up to sixty (60) days so long as his/her presence is legally required and the process outlined in the Employee Policy Manual is followed.

#### G. UNIFORM ALLOWANCE – ~~PUBLIC SAFETY~~

As permissible by law, the City shall report to CalPERS bi-weekly the annual value of uniform allowance at the following rates:

Police Chief - \$1,350

Assistant Police Chief - \$1,350

Fire Chief - \$1,519

Assistant Fire Chief - \$1,519

Assistant Chief, Lifeguard Operations - \$838

~~PERS~~CALPERS Reporting of Uniform Allowance - To the extent permitted by law, the City shall report to the California Public Employees' Retirement System (CalPERS) the uniform allowance for each employee as special compensation in accordance with Title 2, California Code of Regulation, Section 571(a)(5) Uniform Allowance. Notwithstanding the previous sentence, for "new members" as defined by the Public Employees' Pension Reform Act (PEPRA) of 2013, the uniform allowance will not be reported as pensionable compensation to CalPERS.

#### H. ONE-TIME PAYMENT

~~All Key and Management Employees (excluding City Manager, City Attorney, City Clerk, Police Chief and Fire Chief) in paid status for the entirety of the first pay period following City Council adoption of this Plan in Fiscal Year 2021-22 will receive a one-time bonus in the amount of \$2,000. The payment is intended to be specific to the pay period in which it is paid and is to be considered part of the regular rate for this pay period only. This one-time payment does not meet the criteria under California Code of Regulations 571(b) as reportable compensation for retirement purposes. This one-time payment is non-pensionable and will not be reported to CalPERS. The parties also agree that this payment is intended to be specific to the pay period in which it is paid and is to be considered part of the regular rate for this pay period only.~~

#### I. LUMP SUM BONUS (FY 2024-25)

~~Lump sum bonuses in the amount of One Thousand Dollars and No Cents (\$1,000.00) will be paid to those Eligible Key and Management Employees that are employed by the City on each of the following dates, as set forth below:~~

- ~~a. Eligible Key and Management Employees employed by the City on August 27, 2024, will receive a lump sum bonus of One Thousand Dollars and No Cents (\$1,000) on September 13, 2024;~~
- ~~b. Eligible Key and Management Employees employed by the City on October 1, 2024, will receive a lump sum bonus of One Thousand Dollars and No Cents (\$1,000) on October 11, 2024;~~
- ~~c. Eligible Key and Management Employees employed by the City on January 1, 2025, will receive a lump sum bonus of One Thousand Dollars and No Cents (\$1,000) on January 17, 2025;~~
- ~~d. Eligible Key and Management Employees employed by the City on April 1, 2025, will receive a lump sum bonus of One Thousand Dollars and No Cents (\$1,000) on April 11, 2025.~~

~~By adopting this Fifth Amendment to the Key and Management Plan, the City Council for the City of Newport Beach does not intend for the lump sum bonuses to be pensionable and the lump sum bonuses shall not be reported to CalPERS. Also, the City Council for the City of Newport Beach intends for the bonus payments to be specific to the pay period that the bonus payments are paid, and each lump sum bonus shall be considered part of the regular rate for the pay period in which it was paid only.~~

~~For purposes of this Section the term "Eligible Key and Management Employees" shall mean those Key & Management Employees occupying the following job classifications on the specific date set forth above: (1) Police Chief; (2) Assistant Police Chief; (3) Administrative Assistant to Police Chief; (4) Police Support Services Administrator; (5) Assistant Fire Chief; (6) Assistant Chief Lifeguard Operations; (7) Emergency Medical Services Division Chief; (8) Fire Marshall; and (9) Administrative Assistant to Fire Chief.~~

J. SCHOLASTIC ACHIEVEMENT PAY – ~~PUBLIC SAFETY~~  
H.

1. Police Safety

Absent an Employment Agreement or Resolution to the contrary, Key and Management police safety employees are entitled to additional compensation in the form of Scholastic Achievement Pay as follows:

BA/BS – 7%

MA/MS/JD – 8.5%

The parties agree that to the extent permitted by law, the Scholastic Achievement Pay in this section is special compensation and shall be reported to CalPERS as such.

2. Fire Safety

Absent an Employment Agreement or Resolution to the contrary, Key and Management fire safety employees are entitled to additional compensation in the form of Scholastic Achievement Pay under the same terms and conditions as members of the Newport Beach Fire Management Association. If there are future changes to the Scholastic Achievement Pay Program as set forth in a council-approved MOU or side letter agreement with the Newport Beach Fire Management Association, the same program shall apply for Key and Management fire safety employees.

The parties agree that to the extent permitted by law, the Scholastic Achievement Pay in this section is special compensation and shall be reported to CalPERS as such.

3. Assistant Chief, Lifeguard Operations

Except as modified herein, the Assistant Chief of Lifeguard Operations shall be eligible for Scholastic Achievement Pay under the same terms and conditions as members of the Newport Beach Lifeguard Management Association. Scholastic Achievement Pay shall be ~~include~~ included in the Assistant Chief of Lifeguard Operations paycheck for the pay period immediately following approval by the Fire Chief. It is the responsibility of the Assistant Chief of Lifeguard Operations to apply for Scholastic Achievement Pay. Approval of the application for Scholastic Achievement Pay shall not be unreasonably withheld or delayed, and the Assistant Chief of Lifeguard Operations shall not be entitled to receive Scholastic Achievement Pay prior to the date the application is approved even though the Assistant Chief of Lifeguard Operations may have been eligible prior to approval. If there are future changes to the Scholastic Achievement Pay Program as set forth in a council-approved MOU or side letter agreement with the Newport Beach Lifeguard Management Association, the same program shall apply to the Assistant Chief of Lifeguard Operations.

The parties agree that to the extent permitted by law, the Scholastic Achievement Pay in this section is special compensation and shall be reported to CalPERS as such.

### SECTION 3. LEAVES

Employees hired or promoted into classifications in the Key and Management group shall be tied to the leave benefits provided to the Key and Management group at large.

#### A. ~~HOLIDAYS – NON-SAFETY LEAVE~~

A. The following days shall be observed as paid holidays (i.e., employees shall have the day off with pay). With the exception of the “floating holiday” (where the employee chooses the day off), employees who are required to work on the holiday will receive their pay for the holiday ~~and as~~ either pay or flex leave for the number of hours worked on the holiday.

New Year’s Day	January 1
Martin Luther King Day	January – 3 <sup>rd</sup> Monday
Washington’s Birthday	February – 3 <sup>rd</sup> Monday
Memorial Day	May – Last Monday
Floating Holiday*	July 1
Independence Day	July 4
Labor Day	September – 1 <sup>st</sup> Monday
Veterans Day	November 11
Thanksgiving Day	November – 4 <sup>th</sup> Thursday
Friday After Thanksgiving	November – 4 <sup>th</sup> Friday
Christmas Eve	December 24 <del>(last ½ of workday)</del>
Christmas Day	December 25
New Year’s Eve	December 31 <del>(last ½ of workday)</del>
<u>Holiday Closure – Up to 3 Days</u>	<u>TBD based on closure dates</u>

\*The floating holiday ~~(eight (8) hours of holiday leave)~~ is awarded on July 1. The hours are added to the employees’ Flex Leave account.



Holidays are paid based on the employee's regular workday schedule. For example, if an employee is on a 9/80 schedule and the holiday is observed on a day that the employee is regularly scheduled to work nine hours, the employee is entitled to receive nine hours of holiday pay. However, if an employee is on a 9/80 schedule and the holiday is observed on a day that the employee is regularly scheduled to work eight hours, the employee is eligible to receive eight hours of holiday pay. If an employee must work on one of the holidays listed above (except the floating holiday), the employee may bank their holiday hours to flex, up to a maximum of eight hours per holiday.

1. Holidays listed above (except the floating holiday) occurring on a Saturday shall be observed the preceding Friday. Holidays occurring on a Sunday shall be observed the following Monday. ~~(Half day holidays shall be observed prior to the observed holiday).~~
2. Holiday pay will be paid only to employees who are in paid status on the scheduled day before and scheduled day after a holiday or are on authorized paid leave (e.g. paid leave that has been reviewed and approved by the Department Director).

## B. HOLIDAY CLOSURE – NON-SAFETY

3. Holiday Closure – If the City Council approves a holiday closure for City Hall, the following applies:
  - a. Holiday Closure Pay. Employees will receive holiday closure pay for the days they would have normally been scheduled to work during the closure period, up to a maximum of three (3) days. The holiday closure pay is specifically for use during the approved holiday closure. Example: if, absent the closure, your regular work schedule has you working two days during a closure, you will receive two days of holiday closure pay; you do not automatically get three days if your regular schedule does not call for it.
  - b. Working During a Holiday Closure – If an employee is required by their supervisor to work during a holiday closure, they may bank their holiday hours to flex, up to a maximum of eight hours for each day the employee is required to work during the holiday closure.

The Holiday Closure Pay aims to fairly compensate members while ensuring operational needs are met during approved holiday closures.

## B.C. HOLIDAYS – ~~PUBLIC~~ SAFETY

The provisions contained in this section apply to Administrative Management- Safety (Assistant Chiefs) who are required to work without regard to holiday based on assignment. Assistant Police Chiefs and Assistant Life Guard/Lifeguard Chiefs ~~Said employees~~ shall receive 3.7 hours per pay period of Holiday compensation as pay. Assistant Fire Chiefs shall receive 5.26 hours per pay period of Holiday compensation as pay. ~~Holiday pay will be and~~ reported to PERS/CalPERS as compensation earnable as defined in Government Code Sec. 20636.

Effective July 12, 2025, the holiday benefit for the Key and Management safety employees shall be tied to the retirement contributions required by members of their respective safety management associations. If there are future changes to the holiday benefit, as set forth in a council-approved MOU, or side letter agreement, the same changes shall be made for Key and Management safety employees.

The parties agree, to the extent permitted by law, the compensation in this section is special compensation for those employees who are normally required to work on an approved holiday because they work in positions that require scheduled staffing without regard to holidays and shall be reported as such pursuant to Title 2 CCR, Section 571(a)(5) or Section 571.1 (b)(4) Holiday Pay.

#### G.D. FLEX LEAVE

Regular full-time employees in the Administrative Management, Administrative Management-Safety, Division Management and Confidential categories enrolled in the flex leave program will *accrue* leave according to the below.

Years of Continuous Service	Hours Accrued per Pay Period	Annual hours	Maximum Allowable Balance (hours)
1 but less than 5	6.00	156.00	468.00
5 but less than 9	6.61	171.86	515.58
9 but less than 12	7.23	189.98	563.94
12 but less than 16	8.15	211.90	635.70
16 but less than 20	8.77	228.02	684.06
20 but less than 25	9.38	243.88	731.64
25 and over	10.00	260.00	780.00

Spillover: Employees hired prior to July 1, 1996 shall be paid for accrued Flex leave in excess of

the employee's maximum accrual rate (spillover) provided that they utilized at least 80 hours Flex leave the previous calendar year. Employees with 16 or more years of continuous service are required to use 120 hours of Flex leave the previous calendar year.

Regular full-time employees in the Executive Management categories will *accrue* Flex leave according to the following schedule:

Years of Continuous Service	Hours Accrued per Pay Period	Annual hours	Maximum Allowable Balance (hours)
1 but less than 15	8.77	228	684.06
15 and over	9.69	252	755.82

Note: If an employee becomes sick in the first three months of employment, the City will advance up to three (3) months of ~~accrued~~ Flex leave time to be used for the illness only. If the employee terminates employment prior to three (3) months, the employee will repay the equivalent to the number of Flex leave days that were advanced to the employee.

Employees shall accrue three (3) months of Flex leave (as provided in the chart above) upon completion of three (3) months of continuous employment with the City of Newport Beach, provided however, this amount shall be reduced by any Flex leave time advanced during the first three (3) months of employment.

#### 1. Limit on Accumulation

Employees first hired, or rehired by the City subsequent to July 1, 1996, shall not be eligible for Flex leave spillover pay and shall not be entitled to accrue Flex leave in excess of the Flex leave accrual threshold.

#### 2. Method of Use

Flex leave may not be taken in excess of that actually accrued, and in no case, except for illness, may it be taken prior to the completion of an employee's initial probationary period.

The Department Director shall approve all requests for Flex leave, taking into consideration the needs of the Department, and whenever possible, the seniority and wishes of the employee.

### D.E. SICK LEAVE

Key and Management employees employed by the City prior to initiation of the Flex leave program had separate sick and vacation leave banks. With the initiation of the Flex leave program, vacation

leave was converted to Flex leave on an hour for hour basis and any sick leave hours remained in a bank to be used as provided in Section 11.2 (Sick Leave) of the Employee Policy Manual.

#### ~~E.F.~~ KIN CARE

Employees may use up to ½ of Flex leave accrued per year to provide care for any member of the employee's immediate family in need of care due to illness or injury.

#### ~~F.G.~~ BEREAVEMENT LEAVE

Bereavement leave shall be defined as "the necessary absence from duty by an employee because of the death or terminal illness in his/her immediate family."

Unit members shall be entitled to forty (40) hours of bereavement leave per calendar year per incident (terminal illness followed by death is considered one incident). Bereavement leave shall be administered in accordance with the provisions of the Employee Policy Manual. Leave hours need not be used consecutively, however they should be used in proximate time to the occurrence. For the purposes of this section, immediate family shall mean an employee's father, mother, stepfather, stepmother, brother, sister, spouse/domestic partner, child, stepchild, grandparents, grandchild and the employee's spouse/domestic partner's father, mother, brother, sister, child, ~~and~~ grandparents and grandchild. The provisions of this Section shall not diminish or reduce any rights a covered employee may have pursuant to applicable provisions of State or Federal law. An employee requesting bereavement leave shall notify his/her supervisor as soon as possible of the need to take leave.

#### H. REPRODUCTIVE LOSS LEAVE

I. Eligible employees are entitled to five unpaid days for each reproductive loss event. Multiple reproductive loss events are covered, up to a maximum of 20 days of reproductive loss leave within a twelve-month period.

#### ~~G.J.~~ ADMINISTRATIVE LEAVE

For Key and Management employees who are exempt from overtime, Administrative Leave may be granted, for a minimum of 8 hours and a maximum of 80 hours, as recommended by the Department Director with the approval of the City Manager. The determination as to how much Administrative Leave will be granted will be based upon the number of overtime hours normally worked each year by the individual exempt employee. Administrative Leave does not accrue and therefore has no cash value. As such, it cannot be carried over from year to year.

#### H.K. LEAVE SELLBACK

Employees shall have the option of converting accrued Flex Leave to cash on an hour for hour basis subject to the following: On or before the pay period which includes December 15 of each calendar year, an employee may make an irrevocable election to cash out accrued flex leave which will accrue in the following calendar year. The employee can elect to receive the cash out in the pay period which includes June 30 and/or the pay period which includes December 15 for those Flex Leave benefits that have been accrued during that portion of the year. In no event shall the flex leave balance be reduced below one hundred and sixty (160) hours.

~~Hours sold back will be subject to the Retiree Health Savings Plan Part C contributions, per Section 2 (a), Retiree Medical Benefits. For the term of this Compensation Plan the Part C contributions for Flex will be at twenty percent (20%).~~

### **SECTION 4. BENEFITS**

#### **A. INSURANCE**

##### **1. Medical Insurance**

The City has implemented an IRS qualified Cafeteria Plan. In addition to the contribution amounts listed below, the City shall contribute the minimum CalPERS participating employer's contribution towards medical insurance for employees enrolled in a CalPERS medical plan, per Government Code Section 22892.

The City's contribution towards the Cafeteria Plan is ~~\$1,725~~\$2,025 per month (plus the minimum CalPERS participating employer's contribution).

Employees shall have the option of allocating Cafeteria Plan contributions towards the City's medical, dental and vision insurance/programs, provided that any cash-out option complies with IRS Section 125 requirements. Employees shall be allowed to change coverages in accordance with plan rules and during regular open enrollment periods.

Employees appointed to Key and Management positions prior to April 13, 2019 who elect to opt out of medical coverage offered by the City because they have provided proof of minimum essential coverage ("MEC") through another source (other than coverage in the individual market, whether or not obtained through Covered California) and execute an opt-out agreement releasing the City from any responsibility or liability to provide medical insurance coverage on an annual basis will receive \$1,000 per month in taxable cash paid biweekly. For these same employees, if they elect medical coverage and spend less than \$1,725 (plus the minimum CalPERS participating employer's contribution) of the City contribution provided above, the difference shall be paid to the employee as taxable cash biweekly. ~~the City contribution provided above, those unused cafeteria plan funds shall be paid to the employee as taxable cash.~~

Employees appointed to Key and Management positions on or after April 13, 2019 who elect to opt out of medical coverage offered by the City because they have provided proof of minimum essential coverage ("MEC") through another source (other than coverage in the individual market, whether or not obtained through Covered California) shall receive \$500 per month in taxable cash paid biweekly. For these same employees, if they elect medical coverage and spend less than the City contribution provided above, there shall be no cash back provided.

The preceding language as applied to the following scenarios:

1. Part-time employee hired by the City prior to April 13, 2019 but not appointed as a full-time employee into a Key and Management classification until on or after April 13, 2019 – this employee is subject to the \$500 opt-out amount and does not receive cash back if the medical coverage elected is less than the City contribution.
2. Full-time Key and Management employee hired by the City prior to April 13, 2019 who later drops down to part-time and then is reappointed to a Key and Management classification as a full-time employee – this employee is subject to the \$500 opt-out amount and does not receive cash back if the medical coverage elected is less than the City contribution.
3. Full-time employee hired by the City prior April 13, 2019 who later transfers into a Key and Management classification from another unit – if the employee was not subject to the \$500 opt-out amount and/or no cash back in the unit from which they are transferring, they will receive the benefit of \$1,000 opt-out and/or cash back if the medical coverage elected is less ~~than the City contribution~~ than \$1,725 (plus the minimum CalPERS participating employer's contribution).

## 2. Vision Insurance

Employees may purchase vision insurance upon hire and during benefits open enrollment.

## 3. Dental Insurance

The existing or comparable dental plans shall be maintained as part of the City's health plan offerings as agreed upon by the Benefits Information Committee.

## 4. Disability Insurance

The City shall provide disability insurance with the following provisions:

	Short-Term Disability	Long-Term Disability
Benefit Amount	66.67% of covered wages	66.67% of covered wages

Maximum Benefit	\$1,846 weekly	\$15,000 monthly
Waiting Period	30 calendar days	180 calendar days

Employees shall not be required to exhaust accrued paid leaves prior to receiving benefits under the disability insurance program. Employees may not supplement the disability benefit with paid leave once the waiting period has been exhausted.

~~Employees are responsible for the payment of the disability insurance cost in the amount of one (1%) percent of base salary as a post tax deduction for this benefit. Effective the first premium payment after the City Council adoption of the Plan, the City~~The City will pay~~and the 1% base salary employee deduction will cease.~~

## B. ADDITIONAL BENEFITS

### 1. IRS Section 125 Flexible Spending Account

The City provides a qualified Section 125 Flexible Spending Account which authorizes an employee to reduce taxable income for payment of allowable expenses such as childcare and medical expenses.

### 2. Life Insurance

The City shall provide life insurance for all regular full-time employees in \$1,000 increments equal to one times the employee's annual salary up to a maximum of \$50,000. At age 70 the City-paid life insurance is reduced by 50% of the pre-70 amount. This amount remains in effect until the employee terminates from City employment.

### 3. Employee Assistance Program

Key and Management employees are eligible to receive EAP benefits, which provide confidential counseling and education on work and life issues, subject to provider guidelines.

### 4. Executive Management Physicals

Employees in those classifications designated as Executive Management shall receive a reimbursement of up to one thousand dollars (\$1,000.00) per year for an executive management physical examination.

## C. RETIREMENT BENEFITS

### 1. California Public Employees Retirement System (CalPERS) PERS

#### a. Retirement Formula

The City contracts with ~~California Public Employees Retirement System (Ca~~PERS) to provide retirement benefits for its employees. Pursuant to prior agreements and state mandated reform, the City has implemented first, second and third tier retirement benefits:

Tier 1 ("Legacy"): For employees hired by the City on or before November 23, 2012, the retirement formula for safety members shall be 3%@50 and the retirement formula for non- safety members shall be 2.5%@55, calculated on the basis of the highest consecutive 12 month period selected by the employee.

Tier 2 ("Classic"): For employees first hired by the City between November 24 and December 31, 2012, or hired on or after January 1, 2013 and who are not new members as defined in Government Code Section 7522.04(f), the retirement formula for safety members shall be 2%@50 (Lifeguard/Fire) or 3%@55 (Police), and the retirement formula for non-safety members shall be 2%@60, calculated on the basis of the highest consecutive 36 month period selected by the employee as set forth in Government Code section 20037.

Tier 3 ("PEPRA"): For employees first hired by the City on or after January 1, 2013, who are new members, the safety retirement formula shall be 2.7%@57 and the non-safety retirement formula shall be 2%@62, calculated on the basis of the highest consecutive 36- month period selected by the employee provided for by the Public Employees' Retirement Law at Government Code section 7522.25(d).

#### b. Employee Contributions

Non-Safety:

Key and Management employees will contribute toward their ~~PERS~~CalPERS retirement benefit.

Employee retirement contributions that are in addition to the normal CalPERS Member Contribution shall be calculated on base pay, special pays, and other pays normally reported as "PERSable" compensation (known either as compensation earnable or pensionable compensation) and will be made on a pre-tax basis through payroll deduction, to the extent allowed by law.

Tier I:

K&M COMP PLAN ~~2022-2025~~2025-2028



~~Under a separate agreement and ratified via a contract amendment with CalPERS in 2008, Tier I employees shall contribute 2.42% compensation earnable (as cost sharing) per Government Code section 20516(a).~~

Tier I Employees shall contribute the statutory CalPERS Member Contribution equal to eight percent (8%) of compensation earnable as follows: 8% as the statutory member contribution, 2.42% as cost sharing per Government Code section 20516(a) and 2.58% as cost sharing per Government Code section 20516(f).

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier I Employees shall contribute 11.5% of compensation earnable as follows: 8% as the statutory member contribution, 2.42% as cost sharing per Government Code section 20516(a) and 1.08% of compensation earnable as cost sharing per Government Code section 20516(f). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, Tier I Employees shall contribute 13% of compensation earnable as follows: 8% as the statutory member contribution, 2.42% as cost sharing per Government Code section 20516(a) and 2.58% of compensation earnable as cost sharing per Government Code section 20516(f).~~

## Tier II

Tier II employees shall contribute the statutory CalPERS Member Contribution equal to seven percent (7%) of compensation earnable, plus an additional one percent (1%) of compensation earnable toward retirement costs under Government Code Section 20516(f), for a total contribution of 8% of compensation earnable.

~~Employees shall contribute 13% of compensation earnable as follows: 7% as the statutory member contribution and 6% of compensation earnable as cost sharing per Government Code section 20516(f).~~

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier II Employees shall contribute 11.5% of compensation earnable as follows: 7% as the statutory member contribution and 4.5% of compensation earnable as cost sharing per Government Code section 20516(f). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, Tier II Employees shall contribute 13% of compensation earnable as follows: 7% as the statutory member contribution and 6% of compensation earnable as cost sharing per Government Code section 20516(f).~~

## Tier III:

The minimum statutory employee contribution for employees in Tier III, subject to the provisions of the Public Employees' Pension Reform Act (PEPRA) equals 50% of the "total normal cost", and is calculated annually for possible adjustments as provided in the CalPERS valuations.

In addition to the statutorily required 50% contribution of total normal costs, Tier III employees shall contribute an additional amount of pensionable compensation toward retirement pursuant to Government Code section 20516(f) so that their contribution equals a total of 8% of pensionable

compensation. However, the employee contribution shall never fall below the statutory required contribution.

~~Tier III Employees – The minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPPRA and equals 50% of the “total normal cost”. Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code Section 20516(f), for a total employee contribution of 13% of pensionable compensation.~~

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, the minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPPRA and equals 50% of the “total normal cost”. Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f), for a total employee contribution that is no less than 11.5% of pensionable compensation (i.e., Tier III employees pay the greater of 11.5% or 50% of the “total normal cost”). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, the minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPPRA and equals 50% of the “total normal cost”. Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f), for a total employee contribution that is no less than 13% of pensionable compensation (i.e., Tier III employees pay the greater of 13% or 50% of the “total normal cost”).~~

~~If in future fiscal years the member contribution rate for non-safety employees in Tier III shall become greater or less, as determined by CalPERS valuations, the additional contribution made by the employee under Government Code section 20516(f) will be increased or decreased accordingly so that the total employee contribution equals 13% of pensionable compensation. Provided however, that the employee contribution shall never fall below the statutorily required contribution.~~

Safety:

#### A. Police Safety

Absent an Employment Agreement or Resolution to the contrary, the employee contribution for police safety members will depend on what Tier the employee is in as defined above.

Tier I and II members will contribute the full statutory member contribution, equal to 9% of compensation earnable, plus an additional ~~54.6%~~ of compensation earnable toward retirement costs as permitted under Government Code §20516(f), for a total contribution of ~~14.6%-13.6%~~

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier I and Tier II employees shall contribute the full statutory member contribution, equal to 9%, plus an additional 4.1% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f), for a total contribution of 13.1%. This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay~~

~~period that includes January 1, 2026, Tier I and Tier II employees shall contribute the full statutory member contribution, equal to 9% compensation earnable, plus an additional 5.6% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f) for a total contribution of 14.6%.~~

Tier III members: In addition to the statutorily required 50% contribution of total normal costs ("member contribution rate"), Tier III members shall contribute an additional percentage of pensionable compensation toward retirement costs as cost sharing pursuant to Government Code § 20516(f), for a total employee contribution that is no less than 13.6% of pensionable compensation (i.e., Tier III employees pay the greater of 13.6% or 50% of the "total normal cost"). The employee contribution shall never fall below the statutorily required contribution, so that their total contribution is 14.14.6%.

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, the minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPPRA and equals 50% of the "total normal cost". Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f) for a total employee contribution that is no less than 13.1% of pensionable compensation (i.e., Tier III employees pay the greater of 13.1% or 50% of the "total normal cost"). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, the minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPPRA and equals 50% of the "total normal cost". Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f) for a total employee contribution that is no less than 14.6% of pensionable compensation (i.e., Tier III employees pay the greater of 14.6% or 50% of the "total normal cost").~~

~~If in future fiscal years the member contribution rate for safety employees in Tier III shall become greater or less, as determined by CalPERS valuations, the additional contribution made by the employee under Government Code section 20516(f) will be increased or decreased accordingly so that the total employee contribution equals 14.6% of pensionable compensation. Provided however, that the employee contribution shall never fall below the statutorily required contribution.~~

~~Effective the pay period that includes January 1, 2023, the CalPERS retirement contributions for Key and Management police safety employees shall be as noted above and shall not be tied to the retirement contributions required by members of the Police Management Association. Effective the pay period that includes January 1, 2026~~July 12, 2025, the CalPERS retirement contributions for the Key and Management police safety employees shall be tied to the retirement contributions required by members of the Police Management Association. If there are future changes to those employee retirement contributions, as set forth in a council-approved MOU, or side letter agreement, the same changes shall be made for Key and Management police safety employees.

## B. Fire Safety

Absent an Employment Agreement or Resolution to the contrary, the employee contribution for fire safety members will depend on what Tier the employee is in as defined above.

Tier I and II members will contribute the full statutory member contribution, equal to 9% of compensation earnable, plus an additional 4.5% of compensation earnable toward retirement costs as permitted under Government Code § 20516(f), for a total contribution of 13.5%

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier I and Tier II employees shall contribute the full statutory member contribution, equal to 9%, plus an additional 3% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f), for a total contribution of 12%. This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, Tier I and Tier II employees shall contribute the full statutory member contribution, equal to 9% of compensation earnable, plus an additional 4.5% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f) for a total contribution of 13.5%~~

Tier III members: In addition to the statutorily required 50% contribution of total normal costs ("member contribution rate"), Tier III members shall contribute an additional percentage of pensionable compensation toward retirement costs as cost sharing pursuant to Government Code § 20516(f), for a total employee contribution that is no less than 13.5% of pensionable compensation (i.e., Tier III employees pay the greater of 13.5% or 50% of the "total normal cost"). The employee contribution shall never fall below the statutorily required contribution.

so that their total contribution is 13.5%

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, the minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPPRA and equals 50% of the "total normal cost". Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f) for a total employee contribution that is no less than 12% of pensionable compensation (i.e., Tier III employees pay the greater of 12% or 50% of the "total normal cost"). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes **January 1, 2026**, the minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPPRA and equals 50% of the "total normal cost". Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f) for a total employee contribution that is no less than 13.5% of pensionable compensation (i.e., Tier III employees pay the greater of 13.5% or 50% of the "total normal cost").~~

~~If in future fiscal years the member contribution rate for safety employees in Tier III shall become greater or less, as determined by CalPERS valuations, the additional contribution made by the employee under Government Code section 20516(f) will be increased or decreased accordingly so that the total employee contribution equals 13.5% of pensionable compensation. Provided however, that the employee contribution shall never fall below the statutorily required contribution.~~

~~Effective the pay period that includes January 1, 2023, the CalPERS retirement contributions for Key and Management fire safety employees shall be as noted above and shall not be tied to the retirement contributions required by members of the Fire Management Association. Effective the~~

~~pay period that includes January 1, 2026 July 12, 2025~~, the CalPERS retirement contributions for the Key and Management fire safety employees shall be tied to the retirement contributions required by safety members of the Fire Management Association. If there are future changes to those employee retirement contributions, as set forth in a council-approved MOU, or side letter agreement, the same changes shall be made for ~~the~~ Key and Management fire safety employees.

### C. Assistant Chief, Lifeguard Operations

The employee contribution for the Assistant Chief of Lifeguard Operations will depend on what Tier the employee is in as defined above.

Tier I and II members will contribute the full statutory member contribution, equal to 9% of compensation earnable, plus an additional 4.6% of compensation earnable toward retirement costs as permitted under Government Code § 20516(f), for a total contribution of 13.6%.

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, Tier I and Tier II employees shall contribute the full statutory member contribution, equal to 9%, plus an additional 3.1% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f), for a total contribution of 12.1%. This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, Tier I and Tier II employees shall contribute the full statutory member contribution, equal to 9% of compensation earnable, plus an additional 4.6% of compensation earnable toward retirement costs as permitted under Government Code section 20516(f), for a total contribution of 13.6%.~~

Tier III members: In addition to the statutorily required 50% contribution of total normal costs ("member contribution rate" ~~0~~), Tier III members shall contribute an additional percentage of pensionable compensation toward retirement costs as cost sharing pursuant to Government Code § 20516(f), so that their total contribution is for a total employee contribution that is no less than 13.6% of pensionable compensation (i.e., Tier III employees pay the greater of 13.6% or 50% of the "total normal cost"). The employee contribution shall never fall below the statutorily required contribution.

~~Temporary Reduction. Effective the pay period that includes January 1, 2023, the minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPPA and equals 50% of the "total normal cost". Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f) for a total employee contribution that is no less than 12.1% of pensionable compensation (i.e., Tier III employees pay the greater of 12.1% or 50% of the "total normal cost"). This reduction in the employee contribution rate sunsets at the end of the last full pay period in December 2025. Accordingly, effective the pay period that includes January 1, 2026, the minimum statutory employee contribution for employees in Tier III is subject to the provisions of PEPPA and equals 50% of the "total normal cost". Tier III employees shall make an additional contribution of pensionable compensation toward retirement pursuant to Government Code section 20516(f) for a total employee contribution that is no less than 13.6% of pensionable compensation (i.e., Tier III employees pay the greater of 13.6% or 50% of the "total normal cost").~~



~~If in future fiscal years the member contribution rate for safety employees in Tier III shall become greater or less, as determined by CalPERS valuations, the additional contribution made by the employee under Government Code section 20516(f) will be increased or decreased accordingly so that the total employee contribution equals 13.6% of pensionable compensation. Provided however, that the employee contribution shall never fall below the statutorily required contribution.~~

~~Effective the pay period that includes January 1, 2023, the CalPERS retirement contributions for the Assistant Chief of Lifeguard Operations classification shall be as noted above and shall not be tied to the retirement contributions required by members of the Lifeguard Management Association.~~ Effective ~~the pay period that includes January 1, 2026~~July 12, 2025, the CalPERS retirement contributions for the Assistant Chief of Lifeguard Operations classification shall be tied to the retirement contributions required by members of the Lifeguard Management Association. If there are future changes to those employee retirement contributions, as set forth in a council-approved MOU, or side letter agreement, the same changes shall be made for the Assistant Chief of Lifeguard Operations.

#### c. Optional Benefits

The City's contract with CalPERS also provides the 4th Level 1959 Survivor Insurance Benefit, \$500 Lump Sum Death Benefit, Sick Leave Credit (Miscellaneous only), Military Service Credit, 2% Cost of Living Adjustment and the pre-retirement option settlement 2 death benefit (Section 21548).

## 2. LIUNA Supplemental Pension

Key and Management employees are members of the LIUNA Supplemental Pension Fund ("Plan"). Effective in the pay period which includes January 1, 2019, the Plan will be funded exclusively by contributions from the members. The City will not make any contributions to the Plan. In addition, as there are increases (which typically occur annually) to the costs (whether identified as employer or employee contributions) to fund the Plan, they will be made by Key and Management employees (i.e., the participants in the Plan). The City is not responsible for, nor does it make any representation regarding, the payment of benefits to Key & Management employees.

Employees cannot receive the contributed amounts directly instead of having them paid to the Plan. Participation in the Plan will continue to be mandatory for Key & Management employees.

Key & Management employees who leave City employment prior to vesting in the LIUNA pension plan will have no right to the return of amounts contributed, or other recourse against the City concerning LIUNA.

## D. RETIREE MEDICAL BENEFITS

This is an Integral Part Trust (IPT) RHS Retiree Health Savings (RHS) plan (formerly the Medical Expense Reimbursement Program - "MERP"). Each member has an individual RHS account

("Account"), which accumulates based on the category they fall under (see Program Structure below). Funds from the Account may be used for eligible health care expenses after separation, retirement or a change in personnel status to a position that does not receive the RHS benefit. These changes in personnel status will activate the Account and allow funds to be withdrawn until the Account balance is depleted. Since the plan restricts all distributions to be spent for health insurance premiums and health care expenses, as defined by the Internal Revenue Code Publication 502, § 213(d) and the Plan document the contributions, fund investment earnings and benefit payments (when withdrawn from the Account) are not taxable when posted. Additionally, certain contributions may only be deposited upon retirement from the City. The categories are provided below.

## 1. Background

In 2005, the City replaced the previous "defined benefit" retiree medical program with a new "defined contribution" program. During the transition, employees and (then) existing retirees were administratively classified into different categories. The benefit is structured differently for each of the categories. The categories are as follows:

- a. Category 1 - Employees who become eligible for the benefit after January 1, 2006. This may include new hires, rehires and part-time employees appointing to full-time status.
- b. Category 2 - Employees who were active and enrolled in the previous defined benefit program as of December 31, 2005, eligible for the new defined contribution program as of January 1, 2006 and whose age plus years of service as of January 1, 2006 was less than 50 (46 for safety employees).
- c. Category 3 - Employees who were active and enrolled in the previous defined benefit program as of December 31, 2005, eligible for the new defined contribution program as of January 1, 2006 and whose age plus years of service as of January 1, 2006 was 50 or greater (46 for safety employees).

## 2. Eligibility

All covered employees are eligible for the RHS benefit. However, if an eligible employee separates or changes positions to a bargaining unit which does not offer this benefit, the member is no longer eligible for any contributions to the plan and their Account will be activated for use and withdrawal of funds by the employee (or former employee). This means if a Key and Management employee subsequently reappoints to a position which offers the RHS benefit, they will be enrolled in "Category 1" and must retest in the program. Any remaining balance deposited during prior eligibility will remain in the Account.

Employees who become ineligible (no longer covered by a City employee association, union or plan offering the RHS benefit) before vesting forfeit the City's Part B contribution. Said employee will only receive Part A and Part C contributions. The only exception is an active employee who separates before vesting due to an approved industrial disability. In such case, the employee will receive exactly five years' worth of Part B contributions, using the employee's age and

compensation at the time of separation for calculation purposes. This amount will be deposited into the employee's Account at the time of separation.

### 3. Account Contributions

Account contributions are categorized as Part A, Part B and Part C.

Part A contributions are a mandatory, automatic 1% employee contribution deducted each pay period and deposited into the Account through payroll. Deductions begin the pay period in which the employee becomes eligible and are reported to CalPERS as pensionable.

Part B contributions require a five-year vesting period which begins when the employee becomes eligible for the RHS benefit. At the conclusion of the vesting period, the City will credit the first five years' worth of Part B contributions into the Account (interest does not accrue during that period and the contributions are calculated at \$2.50 per month for each year of the employee's full-time service plus age) and begin to contribute \$2.50 per month for each year of the employee's full-time service plus age (e.g. 30 years old and five years of service would be a factor of 35.  $\$2.50 \times 35 = \$87.50$  per month). This factor is updated annually in the pay period including January 1. Part B contributions are not reported to CalPERS as pensionable.

The City's Part B contributions during active employment constitute the minimum CalPERS participating employer's contribution (i.e., the CalPERS statutory minimum amount) towards medical insurance after retirement. For retirees selecting a CalPERS medical plan, or any other plan with a similar employer contribution requirement, the required employer contribution will be deducted from the employer's contribution to the retiree's account.

Part C contributions are deposited into an employee's Account ~~when flex leave hours are converted to taxable cash through leave cash-out or~~ at the time of separation or status change. Spillover pay does not qualify for Part C contributions. Part C contributions are not reported to CalPERS as pensionable.

The City Council determines the level of contribution for all Key and Management employees, subject to the following constraints. All Key and Management employees must participate at the same level. The participation level shall be specified as a percentage of the flex leave balance available in each employee's leave bank at the time of separation from the City, ~~or status change, or as a percentage of the flex leave balance being cashed out.~~

For example, if the City Council designates 30% Part C contributions, then each Key and Management employee leaving the City, ~~or cashing out eligible leave at any other time,~~ would have the cash equivalent of 30% of the amount that is cashed out deposited to their RHS Account on a pre-tax basis. The remaining 70% would be paid in cash as taxable income. Individual employees do not have the option to deviate from this breakout.

Part C contributions are designated to be twenty percent (20%) flex leave.

Nothing in this section restricts taking leave for time off purposes.

K&M COMP PLAN ~~2022-2025~~2025-2028



#### 4. Benefit

- a. Category 1: Employees in this category make Part A and receive Part B contributions (subject to vesting) automatically each pay period through payroll deductions. Part C contributions are received at time of separation or status change~~through cash-outs~~. No contributions are made to Category 1 participants after separation.

- ~~b.~~  
b-c. Category 2: Employees in this category make Part A and receive Part B contributions (subject to vesting) automatically each pay period through payroll deductions. Part C contributions are received at time of separation or status change~~through cash-outs~~. No contributions are made to Category 2 participants after separation.

If a Category 2 participant retires from the City with a minimum of 5 consecutive years of full-time service, the City will contribute to the participant's Account a one-time contribution equal to \$100 per month for every month the participant contributed to the previous "defined benefit" plan up to a maximum of 15 years (180 months). This contribution is deposited into the Account at the time of retirement, and only if the employee retires from the City and becomes a CalPERS annuitant of the City of Newport Beach. No interest will be earned in the interim.

Category 2 participants with less than five years of continuous contributions into the prior defined benefit plan as of January 1, 2006: only the years of service after January 1, 2006 count towards Part B contributions upon vesting. Contributions in years before 2006 will be paid out as stated in the above paragraph.

- ~~c-d.~~ Category 3: Employees in this category make Part A contributions automatically each pay period through payroll deductions. Category 3 participants do not receive any *Part B contributions*. *Part C contributions are received through* ~~cash-outs~~separations or status changes.

If an eligible Category 3 participant retires from the City of Newport Beach, the City will deposit \$400 per month into the Account upon retirement, up to a maximum of \$4,800 per year, less the CalPERS minimum required employer contribution as determined by CalPERS annually, which shall continue if the employee or surviving spouse/qualified dependent is still living. To offset this expense to the City, active Category 3 participants will contribute an additional \$100 per month to the plan until retirement. There is no cash out option for these funds and they cannot be spent in advance of receipt.

Category 3 participants also receive an additional one-time City contribution of \$75 per month for every month they contributed to the previous plan prior to January 1, 2006, up to a maximum of 15 years (180 months). This contribution is deposited into the Account at the time of retirement, and only if the employee retires from the City. No interest will be earned in the interim. Contributions are contingent upon remaining a CalPERS annuitant of the City.

#### 5. Administration

Vendors have been selected by the City to administer the program. The contract expense for

program-wide administration by the vendor will be paid by the City. However, specific vendor charges for individual account transactions that vary according to the investment actions taken by each employee, such as fees or commissions for trades, will be paid by each employee.

The City's Deferred Compensation Committee, or its successor committee, will have the authority to determine investment options that will be available through the plan.

#### E. TUITION REIMBURSEMENT

Subject to the limitations below, Key and Management employees attending accredited ~~community colleges,~~ colleges, trade schools or universities, or recognized professional organizations or agencies may apply for reimbursement of the cost of tuition, books, fees or other student expenses for approved job-related coursework, seminars or professional development programs. Travel expenses are not eligible for reimbursement. The maximum annual benefit is \$2,000 per fiscal year. Reimbursement is contingent upon the successful completion of the course. Successful completion means a grade of "C" or better for undergraduate courses and a grade of "B" or better for graduate courses. All claims for tuition reimbursement require the approval of the Human Resources Director or designee.

#### F. AUTO ALLOWANCE

Positions in the Executive Management and Administrative Management groups may be eligible for a limited auto allowance, between \$200 and \$400 per month, based on operational necessity and upon the determination of the City Manager.

#### G. 401(a) DEFINED CONTRIBUTION PLAN

Upon City Council adoption of this Plan, employees in those classifications designated as Executive Management shall have a 401(a) defined contribution plan account set up by the City which is subject to the rules of Internal Revenue Code section 415(b). The City shall contribute to each eligible employee's 401(a) defined contribution plan account each pay period as follows:

~~Effective the first day of the pay period following City Council adoption of this Plan, or as soon thereafter as is reasonably practicable,~~ Ithe City shall contribute a total of two percent (2%) of base salary to each employee's 401(a) defined contribution plan account on a pre-tax basis. Employees are immediately 100% vested in all employer contributions made to their 401(a) defined contribution plan account.

Under federal law, there is an annual maximum contribution which may be made to an employee's 401(a) defined contribution plan account. If an employee's account contributions reach the annual maximum, the City will stop making contributions for the remainder of the calendar year and will not owe the employee any additional compensation related to this section.

## SECTION 5. MISCELLANEOUS

### A. PROBATIONARY PERIOD

Newly hired employees shall serve a twelve (12)-month probationary period. Any employee who is promoted shall be required to successfully complete a six (6) month probationary period in the new position. All Executive Management and Administrative Management – Safety positions serve as at-will employees as that term is defined in California Labor Code section 2922 and/or the City of Newport Beach City Charter Article VIII, Section 801 and can be released from employment at any time without cause or due process.

The City Manager, City Attorney and City Clerk serve at the pleasure of the City Council.

### B. DIRECT DEPOSIT

All newly hired employees shall participate in the payroll direct deposit system.

### C. EXEMPT AND NON-EXEMPT STATUS

All classifications in Key and Management are classified as exempt from overtime under the FLSA, with the following exceptions:

Administrative Assistants to the Police Chief, Fire Chief, City Attorney, Assistant City Manager, and Human Resources Director

Administrative Assistant-Confidential, Fiscal Specialist ~~– Confidential~~, Human Resources Specialist, and ~~III~~ Paralegal

### D. ALTERNATIVE WORK SCHEDULES

The City agrees to maintain flex-scheduling where it is currently operating successfully. Any new flex scheduling must be approved by the City Manager prior to implementation.

Employees assigned to the 9/80 work schedule will have alternating Fridays off with the City determining which employees will work on each alternating Friday to ensure effective coverage of the work. These employees' FLSA workweeks shall begin four hours after the start time of their alternating regular day off and end exactly 168 hours later.

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~~E. TELECOMMUTING PROGRAM~~

~~E.~~

~~The City agrees to a telecommuting program that will provide for 80 hours per calendar year of telecommuting hours to be used in accordance with City policy. The provisions of the policy shall not trigger any right of grievance or appeal. The City will agree to explore a telecommuting program that will provide for 80 hours of telecommuting hours per year to be used in accordance with City policy. The terms and conditions are subject to management approval before the program will be implemented. Additionally, the provisions of the policy shall not trigger any right of grievance or appeal. This will be a pilot program which shall terminate upon the expiration of this Plan.~~

~~F.~~

F. OVERPAYMENT

Employees will be notified by Payroll or Human Resources prior to the recovery of overpayments on paychecks. Recovery of more than 15% of net pay will be subject to a repayment schedule established by the appointing authority under guidelines issued by the Finance Department or Human Resources. Such recovery shall not exceed 15% per month of disposable earnings, as defined by State law, except a mutually agreed upon accelerated payment plan for faster recovery.

Recoupments under this section shall be limited to forty-eight (48) months. However, nothing in this section is intended to preclude the City from seeking recoupment of overpayments due to fraud or other knowing concealment through any available legal forum.

G. INCENTIVES

The City Manager may authorize incentives to aid in retention of Key and Management employees. Incentives may include those inducements identified in Section 6 of the City's Employee Policy Manual related to recruitments or appointments, including additional paid leave, educational expenses, or deferred compensation contributions.

H. EMPLOYEE POLICY MANUAL

The City of Newport Beach's Employee Policy Manual shall govern all issues not addressed in this document with respect to wages, hours and other terms and conditions of employment.