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Section A Medical, Dental, Vision

The City shall establish and maintain medical, dental and vision insurance plans for confidential employees and their dependents. The City reserves the right to choose the method of insuring and plans to be offered.

PERS Health Benefit Program

The City has elected to participate in the California Public Employees' Retirement System (CalPERS) Health Benefit Program. The City shall contribute an equal amount towards the cost of medical coverage under the Public Employee's Medical and Hospital Care Act (PEMHCA) for both active employees and retirees. The City's contribution toward coverage under PEMHCA shall be the statutory minimum contribution amount established by CalPERS on an annual basis. The City's contribution will come out of that amount the City currently contributes to employees as part of the City's Section 125 Plan "Cafeteria Plan". The cost of the City's participation in CalPERS will not require the City to expend additional funds toward health insurance. In summary, this cost and any increases will be borne by the employees.

Health Insurance Benefits for Domestic Partners

The City has adopted a resolution electing to provide health insurance benefits to domestic partners (Section 22873 of the PEMHCA).

Conditional Opt Out

In order to receive the conditional opt-out incentive, employees will be required to complete an affidavit and provide proof of other minimum essential coverage for themselves and their qualified dependents (tax family). The proof of other minimum essential coverage must not be a qualified health plan coverage under an exchange/marketplace or an individual plan.

~~Employees who at initial enrollment or during the annual open enrollment period, complete an affidavit and provide proof of other minimum essential coverage for themselves and their qualified dependents (tax family) that is not a qualified health plan coverage under an exchange/marketplace or an individual plan, will be allowed to waive medical coverage for themselves and their qualified dependents (tax family).~~

The monthly conditional opt-out amount is \$200.

The conditional opt-out incentive shall be paid in cash (taxable income) to the employee. The employee must notify the City within 30 days of the loss of other minimum essential coverage. The conditional opt-out payment shall no longer be payable, if the employee and family members cease to be enrolled in other minimum essential coverage. Employees receiving the conditional opt-out amount will also be assessed \$16.00 per month to be placed in the Retiree Health Insurance Account. This account will be used to fund the City's contribution toward retiree premiums and the City's costs for the Public Employee's Contingency Reserve Fund and the Administrative Costs. However, there is no requirement that these funds be used exclusively for this purpose nor any guarantee

that they will be sufficient to fund retiree health costs, although they will be used for negotiated employee benefits.

Dental and Vision Insurance/Dependent Coverage

Employee participation in the City's dental and vision plans is optional. Employees who elect coverage shall pay the dental and/or eye premium by payroll deductions on a pre-tax basis through the City's Cafeteria Plan.

Section B Health Flex Allowance

Employees electing medical coverage in the City's plans shall receive a health flex allowance, as defined by the Affordable Care Act ("ACA"), and shall purchase such coverage through the City's Cafeteria Plan. If the health flex allowance is less than the cost of the medical plan, the employee shall have the opportunity to pay the difference between the health flex allowance and the premium cost on a pre-tax basis through the City's Cafeteria Plan. If the premium cost for medical coverage is less than the health flex allowance, the employee shall not receive any unused health flex in the form of cash or purchase additional benefits under the Cafeteria Plan.

The monthly health flex allowance amounts for regular, full-time employees are:

Level of Coverage	2019 2021 Monthly Health Flex Allowance Rates
Employee Only	\$560 \$593
Employee Plus One	\$1,088 \$1,173
Family	\$1,472 \$1,588

Effective ~~in January 2022~~ **December 2018 (for the January 2019 premium), December 2019 (for the January 2020 premium), and December 2020 (for the January 2021 premium)**, the City's total health flex allowance for group medical coverage will be modified by an amount equal to one-half of the average percentage change for family coverage in the PERS health plans available in San Luis Obispo County. For example: if three plans were available and the year-to-year changes were +10%, +20%, and -6% respectively, the City's contribution would be increased by 4% ($10\% + 20\% + -6\% \div 3 = 8\% \times 1/2$).

Less than full-time employees shall receive a prorated share of the City's contribution.

The City agrees to continue its contribution to the health flex allowance for two (2) pay periods in the event that an employee has exhausted all paid time off and leave approved under the federal Family and Medical Leave Act (FMLA) and the California Family Rights Act (CFRA) due to an employee's catastrophic illness. That is, the employee shall receive regular City health flex allowance for the first two (2) pay periods following the pay period in

which the employee's accrued leave balances reach zero (0) and FMLA/CFRA benefits have been exhausted.

Section C Life and Disability Insurance

The City shall provide the following special insurance benefits:

1. Long-term disability insurance providing 66 2/3% of gross salary (maximum benefit \$5,000 per month) to age 65 for any sickness or accident, subject to the exclusions in the long-term disability policy, after a 30-day waiting period.
2. In addition to \$4,000 term life insurance purchased by the employee, the City provides \$25,000 term life insurance, including \$29,000 for accidental death and dismemberment through the City's Cafeteria Plan.

Section D Retirement

A. PERS Contracts

1. **"Classic Members First Tier"** employees hired before December 6, 2012.

The City agrees to provide the Public Employees' Retirement System's (PERS) 2.7% at age 55 plan to all eligible employees. The 2.7% at 55 plan includes the following amendments: 1959 Survivor's Benefit – Level Four, conversion of unused sick leave to additional retirement credit, one-year final compensation, Military Service Credit, and Pre-Retirement Optional Settlement 2 Death Benefit.

2. **"Classic Members Second Tier"** employees hired on or after December 6, 2012.

The City agrees to provide the PERS 2% at 60 plan using the highest three-year average as final compensation. The second-tier formula will include the following amendments: conversion of unused sick leave to additional retirement credit, the 1959 Survivor's Benefit – Level Four, Military Service Credit option, and Pre-Retirement Option Settlement 2 Death Benefit. Employees hired under this plan will pay the full member contribution required under the plan, presently seven percent (7%). CalPERS determines who is a "classic member" within the meaning of the California Public Employees' Pension Reform Act (PEPRA).

3. **"New Members Third Tier"** employees hired after January 1, 2013.

PERS determines are "New Members" within the meaning of the California Public Employees' Pension Reform Act (PEPRA). The City will provide the PERS 2% at 62 plan using the highest three-year average as final compensation.

B. Member Contributions

1. **"Classic Members First and Second Tier"**

Effective June 2012, confidential employees began paying the full member contribution required under the plan for first and second tier employees (8% and 7% respectively) and the City discontinued their payment of the member contribution. For purposes of this Section, employee contributions are based on salary and special compensation as defined by PERS.

Effective the first full pay period in July 2019, all employees shall contribute 1.5% in addition to the employee contribution defined in the paragraph above. Effective the first full pay period in July 2020, all employees' additional contribution shall increase to 3%, in addition to the employee contribution defined in the paragraph above. These additional contributions are in accordance to the provisions of AB 340, §7522.30 and §20516.

All of the employee contributions are made on a pre-tax basis as allowed under Internal Revenue Service Code Section 414 (h) (2).

2. "New Members Third Tier"

Effective on their date of hire, new members will pay 50% of the normal cost, as determined by PERS.

Effective the first full pay period in July 2019, all new members shall contribute 1.5% in addition to the employee paying 50% of the normal cost. Effective the first full pay period in July 2020, all new members contribution shall increase to 3%, in addition to the employee paying 50% of the normal cost. These additional contributions are in accordance to the provisions of AB 340, §7522.30 and §20516.

All of the employee contributions are made on a pre-tax basis as allowed under Internal Revenue Service Code Section 414 (h) (2).

~~G. Contract Amendment with PERS~~

Vacation leave is governed by Section 2.36.440 of the Municipal Code, except that it may be taken after the completion of the sixth calendar month of service ~~since from~~ the benefit date or earlier with department head or designee authorization. Each confidential employee shall accrue vacation leave with the pay at the following rates:

Years of Service	Annual Vacation Accrual Days*	Annual Vacation Accrual Hours
0 to 5 years	12 days	96 hours
5 to 10 years	15 days	120 hours
10 to 20 years	18 days	144 hours
20+ years	20 days	160 hours

*One day is equivalent to eight (8) hours for a 40-hour per week line-item position.

Vacation leave shall be accrued as earned ~~semi-monthly~~biweekly provided that not more than twice the annual rate (not including floating holiday leave) may be carried over to a new calendar year. ~~CEffective, April 2019,~~ confidential employees vacation time shall not exceed twice the annual rate. If an employee reaches the cap at any time throughout the year, the employee will stop accruing vacation leave.

Vacation schedules for confidential employees shall be based upon the needs of the City and then, insofar as possible, upon the wishes of the employee. ~~A department head may not deny a confidential employee's vacation request if such denial will result in the loss of vacation accrual by the employee, except that, a department head may approve a two-month extension of maximum vacation accrual. However, in no event shall more than one such extension be granted in any calendar year.~~

Confidential employees are eligible, once annually in December, to request payment for up to 40 hours of unused vacation ~~leave provided that an employee's overall performance and attendance practices are satisfactory.~~ If an employee reaches the annual accrual cap before December, the employee will be able to request vacation payment one additional time during the year, in addition to the December cash out. However, no more than forty (40) hours of unused vacation leave will be paid out in any calendar year. Payment for unused vacation leave is subject to the availability of budgeted funds.

~~To recognize the unprecedented year due to the COVID-19 pandemic, confidential employees will be able to request payment for an additional 40 hours of unused vacation, for a total of 80 hours in the 2021 calendar year. If an employee reaches the annual accrual cap before December 2021, the employee will be able to request vacation payment of one additional time during the calendar year, in addition to the December cash out. However, no more than 80 hours of unused vacation leave will be paid out in the 2021 calendar year.~~

Confidential employees shall be granted twelve (12) hours of administrative leave on January 1st of each year.

Administrative leave hours shall be pro-rated on a ~~monthly pay period~~ basis when a confidential employee is appointed or leaves employment during the calendar year. The employee's final check will be adjusted to reflect the pro-rated hours, however there is no provision to receive cash payment for unused administrative hours. Unused administration leave will not be carried over year to year but can be taken through December 31st of each year.

Section G Holidays

Confidential employees shall receive eleven (11) fixed plus two (2) floating holidays per year. The following days of each year are designated as paid holidays:

- January 1 – New Year's Day
- Third Monday in January – Martin Luther King Jr. Birthday
- Third Monday in February – Presidents' Day
- Last Monday in May – Memorial Day
- July 4 – Independence Day
- First Monday in September – Labor Day
- November 11 – Veteran's Day
- Fourth Thursday in November – Thanksgiving Day
- Friday after Thanksgiving
- December 25 – Christmas
- One half day before Christmas
- One half day before New Year's Day

When a holiday falls on a Saturday, the preceding Friday shall be observed. When a holiday falls on a Sunday, the following Monday shall be observed. A holiday shall be defined as eight (8) hours of paid time off for regular full-time employees.

When Christmas or New Year's Holiday falls on a Tuesday or Thursday, the City reserves the right to close non-essential City services and offices on Monday or Friday (the day adjacent to the observed holiday). Essential City services are determined at the discretion of the Department Head. Employees scheduled to work in non-essential functions on the days adjacent to the paid holidays would be required to use appropriate personal leave or take the days as non-pay. The City would notify employees of closure of non-essential City services and offices no later than October 31st of the same year in order to provide employees with ample time to plan accordingly.

~~The two (2) floating holidays shall be accrued on a semi-monthly basis and added to the vacation accrual.~~

~~If an employee terminates for any reason, having taken off hours in excess of his/her prorated share of the floating holiday, the value of the overage will be deducted from the employee's final paycheck. In addition, there is no provision to receive cash payment for unused floating holiday leave. The employee's final pay check will be adjusted to reflect the prorated hours calculated on a pay period basis; however, there is no provision to receive cash payment for unused floating holiday hours. Unused floating holiday leave will not be carried over year to year but can be taken through December 31st of each year.~~

Section H Sick Leave

Sick leave is governed by Section 2.36.420 of the Municipal Code. An employee shall accrue sick leave with pay at the rate of twelve (12) days or the prorated shift equivalent per year of continuous service since the benefit date. An employee may take up to 48 hours per calendar year of sick leave if required to be away from the job to personally care for a member of ~~his/her~~their immediate family as defined in Section 2.36.420, Labor

Code 233 and/or Assembly Bill 1522. This may be extended to 56 hours if a household family member is hospitalized, and the employee submits written verification of such hospitalization.

In conjunction with existing leave benefits, confidential employees with one year of City service who have worked at least 1,250 hours in the previous year may be eligible for up to 12 weeks of Family/Medical Leave in accordance with the federal Family and Medical Leave Act and the California Family Rights Act (CFRA). In the event an employee is caring for a family member and is covered under FMLA/CFRA, they will be able to use all accrued sick leave to care for a family member.

Sick leave may be used to be absent from duty due to the death of a member of the employee's immediate family as defined in Section 2.36.420, provided such leave shall not exceed forty working hours for each incident. The employee may be required to submit proof of relative's death before being granted sick leave pay. False information concerning the death or relationship shall be cause for discharge.

Upon retirement the employee may choose: 1) a payout of the employee's accumulated sick leave balance based on years of service according to the following schedule, 2) to convert a portion or all of the employee's sick leave balance to service credit in accordance with CalPERS regulations, or 3) a combination of these two options.

- (A) Death – 25%
- (B) Retirement and actual commencement of PERS benefits:
 - (1) After ten years of continuous employment – 10%
 - (2) After twenty years of continuous employment – 15%
 - (3) After twenty-five years of continuous employment – 20%
 - (4) After thirty years of continuous employment – 25%

Section I Workers' Compensation Leave

An employee who is absent from duty because of an on-the-job injury in accordance with State workers' compensation law and is not eligible for disability payments under Labor Code Section 4850 shall be paid the difference between ~~his/her~~their base salary and the amount provided by workers' compensation law during the first ninety (90) business days of such temporary disability absence. Eligibility for workers' compensation leave requires an open workers' compensation claim.

If an employee is eligible for Total Temporary Disability benefits after their salary continuation as defined in the paragraph above, the employee will receive such payment directly from the City's workers' compensation administrator and will only be able to supplement pay with accrued sick leave. If an employee is paid for less than half of their regularly scheduled hours during a pay period, and are not on a protected leave, the employee will not be eligible for the City's health flex allowance or conditional opt out incentive.

City Overtime Definition

Overtime is defined as all hours preauthorized by management and worked by the employee in excess of forty (40) hours worked in a work week.

Holidays and sick leave will be counted as hours worked for purposes of [City eOvertime](#). All overtime shall be authorized by the department head or designee prior to being compensated.

FLSA/Statutory Overtime

For the purpose of complying with FLSA overtime requirements under 29 USC section 207(a), the City has adopted a dual calculation method whereby it calculates FLSA overtime based on all hours actually worked by overtime eligible employees in excess of ~~forty (40)~~ hours in the seven-day work period. To the extent the City's dual calculation method determines that FLSA overtime owed for the seven-day work period exceeds the amount of City overtime paid for the same seven-day work period, the difference will be paid to the employee by way of an "FLSA Adjustment" in the following City pay period.

Compensation

All overtime as defined in this Section shall be paid in cash at one and one half (1 1/2) the employee's base rate of pay. All overtime shall be compensated to the nearest five (5) minutes worked.

Separate and apart from the City's contractual obligation to pay overtime in accordance with this Section, the City is obligated to calculate and pay, at a minimum, FLSA overtime based on the federally defined regular rate of pay. This calculation will be administered in accordance with the FLSA/Statutory Overtime' section above.

Compensatory Time Off (CTO)

A confidential employee eligible for overtime compensation as defined in this Section may elect compensation in the form of time off (CTO). An employee may not be compensated in CTO for more than sixty (60) hours of overtime worked in the calendar year. Accumulated CTO may be taken through December 31st of each calendar year. Accumulated CTO not taken by midnight December 31st shall be compensated in cash at straight time. Such compensation shall be paid in January of the following year.

Work Week for Calculation of Overtime

For all confidential employees working a regular 5/40 work schedule or a 4/10 alternative work schedule, the work week for the purpose of calculating overtime as defined in this Section shall be seven consecutive days, beginning at 12:00 am Thursday and ending at 11:59 pm Wednesday.

For all confidential employees working a 9/80 alternative work schedule, the work week for the purpose of calculating overtime as defined in this Section shall be seven consecutive days, beginning exactly four hours into their eight-hour shift on the day of the week which constitutes their alternative regular day off.

Section K Work Out-of-Classification

An out-of-class assignment is the full-time performance of all the significant duties of an available, funded position in one classification by an individual in a position of another classification. An employee assigned in writing by management to work out-of-class in a position that is assigned a higher pay range which is vacant pending an examination or is vacant due to an extended sick or disability leave, shall receive no less than five percent (5%), but in no case more than the top salary of the higher range, in addition to their regular base rate commencing on the eleventh consecutive workday of the out-of-class assignment.

Section L Temporary Assignment

An appointing authority or designee may temporarily assign an employee to a different position for a specific period not to exceed ninety (90) days, after which the employee returns to their regular duties and position from which they were regularly assigned. The temporary assignment may be extended past ninety (90) days if agreed to by the employee in writing. Such action shall have the prior approval of the Human Resources Director or designee. An appointing authority may assign an employee to a different position for a period not to exceed ninety (90) days, provided the employee has received twenty-four (24) hours written notice which includes reasons for the assignment. Employees who are subject to temporary assignment shall be compensated in accordance with Section K.