

## DEPARTMENT HEAD CLASSIFICATION LIST

Director of Electric Utilities  
Director of Finance (Confidential)  
Director of Human Resources/Risk Manager (Confidential)  
Director of Planning & Community Development  
Director of Public Works/City Engineer  
Director of Water & Sewer Utilities

## **6.06 DEPARTMENT HEAD UNIT**

### **Term**

The Term of this Agreement begins on September 19, 2015, and continues for three (3) years, or September 18, 2018.

### **Salary**

**YEAR 1:** Restoration of the 5% concession taken in 2013-15 to base salary, retroactive to the first full pay period following September 19, 2015.

**YEAR 2:** 2.5% increase to base salary effective the first full pay period following September 19, 2016, unless the local economic benchmark – consisting of total revenue collected for property tax, sales tax and transient occupancy tax – falls below the combined total for the past audited Fiscal Year of 2014/15. Should the audited revenues fall below the benchmark, the increase will revert to the CPI calculation of the average of U.S. City and SF-Oakland-San Jose figures for April, to a maximum of 2.5%. In no case shall this result in a decrease in compensation.

**YEAR 3:** 2.5% increase to base salary effective the first full pay period following September 19, 2017, unless the local economic benchmark – consisting of total revenue collected for property tax, sales tax and transient occupancy tax – falls below the combined total for the past audited Fiscal Year of 2014/15. Should the audited revenues fall below the benchmark, the increase will revert to the CPI calculation of the average of U.S. City and SF-Oakland-San Jose figures for April, to a maximum of 2.5%. In no case shall this result in a decrease in compensation.

### **Cost Sharing Agreement**

For FY 2013-14 and FY 2014-15, the Unit agreed to concessions and the City agreed to restore and refund an amount equivalent to a portion of revenue if actual revenues exceed adopted budgeted revenues in the General Fund according to the formula listed in the sections below. Given that the formula is based on fiscal year audited revenues, the provisions of this section shall remain in full effect beyond the two year term of this agreement until the audit is completed and available for the purposes of implementing this section of the MOU.

This provision provides for the restoration and refund of the concession amount should the total audited revenues of each fiscal year corresponding to the term of this agreement exceed the adopted budgeted revenues of the General Fund for Fiscal Year 2013-14 by \$100,000 or more.

- The City shall restore an amount equivalent to a percentage calculated by taking the difference in audited revenue for each corresponding year of this MOU and the base year revenue adopted in the FY 2013-14 General Fund Budget and dividing the absolute value by the adopted General Fund FY 2013-14 identified deficit. This shall occur the first full pay period following the City Council's receipt of the audit.

EXAMPLE:

$$\frac{(\text{Audited GF Revenue}^1 - \text{Base Year Adopted FY 13-14 GF Revenue}^2)}{\text{Adopted FY 2013-14 GF Deficit}^3} = \text{"\% of Concession Returned"}$$

<sup>1</sup> Audited GF Revenue for the corresponding agreement year

<sup>2</sup> Base Year GF Revenue as identified in adopted the FY 13-14 Budget (\$14,375,555), Page ES-6

<sup>3</sup> GF Deficit as adopted in FY 13-14 Budget (\$978,894)

- The restoration shall be applied to the monthly health contribution at an amount equivalent to the calculated percentage multiplied to the base salary of each Unit member up to an amount that shall not exceed the concession amount.
- Furthermore, the City shall refund in a lump sum payment to each Unit member the concession amount in part retained by the City over each corresponding fiscal year of the term of this MOU if audited revenues exceed the base year revenue. The lump sum payment shall be equal to the calculated percentage from the formula above multiplied by the base salary received during the same term.
- In accordance with CalPERS law, this payment will not be reported as “pay rate” or “special compensation” and will not be reported to CalPERS for the purposes of pension calculations.

This language reflects the current 2013-14 Fiscal Year City of Ukiah budget methodology. If the City changes the way revenue is accounted, the Unit will be notified in writing and the City shall meet and confer with the Unit to develop equivalent methodology for determining General Fund revenue.

Audited revenue is subject to review by the Unit and City staff. Any discrepancies will be identified by the Unit and shall be submitted to the City. Discrepancies identified by the Unit will be reviewed by the City and shall be applied for the purposes of this provision as agreed to by the City and Unit.

The audited revenues are typically found on “Schedule 1 – General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the Year Ended June 30, \_\_” in the *Audited Financial Statements*.

**Year 1- Example 1 (9/12 of a year, based on the 9/18/2013 MOU adoption date)**

$$\frac{\$14,456,000 - \$14,376,000 * = \$80,000}{\$978,894} = \text{0\% Concession Restored}$$

\* Rounded for purpose of illustration

**Year 1 – Example 2**

$$\frac{\$14,876,000 - \$14,376,000 = \$500,000}{\$978,894} = \text{.5108 or 51.08\% of Concession Restored (\$23,807)}$$

**Year 2 – Example 1**

$$\begin{array}{rcl} \$14,436,000 & - & \\ \hline & \$14,376,000 = \$60,000 & \\ & \underline{\hspace{1.5cm}} & = \text{0\% Concession Restored} \\ & \$978,894 & \end{array}$$

**Year 2 – Example 2**

$$\begin{array}{rcl} \$15,076,000 & - & \\ \hline & \$14,376,000 = \$700,000 & \\ & \underline{\hspace{1.5cm}} & = \text{.7151 or 71.51\% (\$44,438) of Concession restored, which includes the 51.08\% in the Year 1 Example.} \\ & \$978,894 & \end{array}$$

**Pension Reform Act of 2013 (PEPRA)**

The Public Employees’ Pension Reform Act of 2013 (PEPRA) and related Public Employees’ Retirement Law (PERL) amendments in Assembly Bill (AB) 340 became law on September 12, 2012, and the provisions were effective January 1, 2013.

The Department Head Unit and the City agree to implement all PEPRA provisions, and all applicable amendments thereto. Effective January 1, 2013 Department Head employees defined by PEPRA as “new members” shall pay 50% of the total normal cost for the new Miscellaneous pension formula 2% @ 62, which is currently 6.75% of reportable compensation, with a three-year final compensation period. “Classic members” (employees hired prior to January 1, 2013) will retain the 2.7% @ 55 Miscellaneous PERS formula, 8% member contribution (EPMC), with a one-year final compensation period.

The PEPRA defines a “new member” as : a) A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who has no prior membership in any California public retirement system; b.) A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who is not eligible for reciprocity with another California public retirement system; 3.) A member who first established CalPERS membership prior to January 1, 2013, and who is rehired by a different CalPERS employer after a break in service of greater than six months.

**PERS Employee Member Contribution (2000-2002) MOU**

Employees in the Unit pay the full required PERS employee member contribution of 8%. Employer paid member contribution (EPMC) is in place with the City reporting the value of EPMC to CalPERS as additional compensation.

## **Flex Plan**

This City provides Department Head employees a Flex Plan System as follows:

Flex dollars in the amount of \$1,529 per month (2013/15).

Insurance premiums will be deducted from Flex Plan dollars. Any Flex Plan dollars not used for insurance premiums will automatically be included in the employee's paycheck. (10-93 Addendum)

Those employees who choose not to have City health coverage must show proof of health coverage on another plan. An employee who is covered under a non-City health plan cannot enter a City plan until the regular open enrollment period of the health plan, or upon a qualifying change in status.

Each employee will be given a Department Head Flex Plan Individual Account form showing their total dollars available for the Flex Plan and their insurance costs whenever there is a change.

## **Medical Premium Adjustment**

Effective 7-1-2014, and each fiscal year thereafter, the City will increase each Unit Member's monthly health contribution dollars in a flat dollar amount equal to the percentage increase in the City's health, dental, or vision insurance premiums over the prior plan year at the coverage level they are enrolled in. Health contribution dollars for Unit Member's not covered by the City's health plans will be increased at the single party coverage level.

Example:

<b>Coverage Level</b>	<b>2012 Premiums</b>	<b>2013 Premiums</b>	<b>Percent Increase</b>	<b>Increase to Health Contribution</b>
Single	\$551.65	\$606.82	10.00%	<b>\$55.17</b>
2-Party	\$1,158.52	\$1,274.37	10.00%	<b>\$115.85</b>
Family	\$1,655.06	\$1,820.57	10.00%	<b>\$165.51</b>

## **Section 125 Plan (Cafeteria Plan)**

Effective March 1, 1998, a Cafeteria Plan is available for pre-tax benefits at the option of the employee. (97-98; 97-99)

## **Long-Term Disability**

A Long-Term Disability Plan is available. Participation will be voluntary and automatic payroll deductions will be available for those that join the plan. \*This plan is offered in lieu of State Disability Insurance, which the City does not contribute to. (Addendum 10/93)

\* Employees who do not enroll in this voluntary plan within 30 days of their hire date may elect to enroll at a later date, but will be subject to medical underwriting review in accordance with insurance company policy.

## Retiree Insurance

An employee retiring with ten or more years of City of Ukiah service may purchase at his/her own expense, City group insurance if offered by the carrier and subject to the carrier's requirements (84-85; City Council 02/16/00; 7/1/14 REMIF). Premium payments must be made to the City of Ukiah no later than the 15th of the month preceding the month of coverage, or the City may have no choice but to terminate coverage. For example, the premium is due by June 15 for July coverage. Once a retiree has discontinued coverage, she/he shall no longer be eligible to continue coverage at a later date. (1984-86)

## Holidays

Employees are provided with the following paid holidays (Memo 7/1/90):

<u>DATE</u>	<u>HOLIDAY</u>
December 31	New Year's Eve
January 1	New Year's Day
3rd Monday, January	Martin Luther King Birthday
3rd Monday, February	President's Day
Last Monday, May	Memorial Day
July 4	Independence Day
1st Monday, September	Labor Day
2nd Monday, October	Columbus Day
November 11	Veterans' Day
4th Thursday, November	Thanksgiving Day
4th Friday, November	Day following Thanksgiving
December 24	Christmas Eve
December 25	Christmas Day
Any	8 hours floating Holiday credit

The 8-hours floating holiday credit is added to each employee's vacation accrual in the first full pay period of August of each year.

## Vacation Schedule

Vacation is earned and accrued hourly each pay period according to the following schedule (2004-05):

<b>Years of Service</b>	<b>Hours Earned Per Pay Period</b>	<b>Maximum Accrual</b>
0 – 8	6.2 Hours	338.4 Hours
9 – 15	7.7 Hours	416.4 Hours
15 +	8.4 Hours	452.8 Hours

Effective the first full pay period in October 2004, and continuing each year thereafter, five (5) additional vacation days shall be credited lump sum to each Department Head Unit member on the first full pay period of October (2004-05).

## **Vacation Cash-Out**

Unit members may cash out up to two (2) weeks of vacation when they are within two pay periods of reaching one-half of their maximum vacation accrual, limited to two (2) times per fiscal year. (95-96; 2004-05)

## **Executive Leave Pay**

The City provides 15 days of Executive Leave Pay annually to Department Heads (2013-15) on a non-accruing basis. Management Incentive Pay can be taken as cash payment at straight time, or as time off. New and promotional employees shall be granted pro-rated Management Incentive Pay beginning the first full pay period following date of hire. (Memo 5/18/90; 92-94; 94-95; Addendum 95-96; 95-96; 6/20/06 Memo)

## **Bereavement Leave**

An employee is entitled to three days bereavement leave for the death of any member of his/her immediate family. An additional two days may be granted for travel exceeding 350 miles one way (84-85, 91) [Refer to Bereavement Leave Policy, Section 4.06.3 for definition of immediate family.]

## **Service Credit**

New employees will receive credit of up to 50% for prior comparable government entity service toward vacation accrual. The applicable service experience will be determined by the City Manager. (Synopsis 1/89)

## **Military Service Credit as PERS Public Service**

PERS eligible employees may elect to purchase up to four years of service credit for any continuous active military or merchant marine service prior to employment. The employee must contribute an amount equal to the contribution for current and prior service that the employee and the City would have made with respect to that period of service. Interested employees should contact the Human Resources Department or Cal-PERS for more information. (1998-2000)

## **Introductory Period**

Department Heads who serve as "at will" employees have no introductory period and are not under the Civil Service rules. (Personnel Policies; FLSA; 95-96 Addendum)

## **Service Clubs**

Upon approval by the City Manager, service club expenses (ex: Kiwanis, Soroptimists) will be reimbursed. Each employee may receive reimbursement for only one service club, and only two members of each category (City Council, exempt employees, Department Heads, and Management/Supervisory personnel) may belong to any one club.

Reimbursement is limited to annual dues, fines, meals, and special assessments to specified maximums. (Policy Resolution #17)

## **Separation Agreement**

If the City terminates the employment of a Department Head without cause, including but not limited to lay off or elimination of position, and the Department Head is willing and able to perform his/her job duties, then the Department Head shall be placed on administrative leave to maintain current pay and benefits for up to six (6) months while seeking other employment options. At the employee's election any remaining balance of the 6 month administrative leave shall be paid in a lump sum payment within (30) days of the request for payment.

For a period of six (6) months following termination, the City shall pay its share of costs to continue health, dental, and vision insurance for the Department Head and all dependents. (2015-18)

## **Re-Opener for Health, Vision & Dental Contributions for New Hires**

During the term of the Agreement, by mutual consent, the City and the Unit may explore standardizing health, dental, and vision contributions for new hires. (2015-18)