

# Compensation and Benefits Plan

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## The Department Head Group

July 1, 2021



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City of Pacific Grove  
Department Head Group  
Compensation and Benefits Plan  
Effective July 1, 2021

## 1. Purpose and Intent

This Compensation and Benefits Plan (Plan) is intended to establish compensation, benefits and terms and conditions of employment for Department Heads, the Chief of Police, and management classifications that report directly to the City Manager (collectively, the Department Head Group or Unit).

The City Manager has the authority to hire employees for classifications in the Department Head Group, and to adjust their compensation consistent with this Plan. Employees in the Department Head Group are exempt from the Fair Labor Standards Act (FLSA), are at-will employees, serve at the pleasure of the City Manager, and can be terminated with or without notice or cause and with no rights of appeal.

The Department Head Group will receive the same improvements or concessions to the working conditions and benefits as the Management Employee's Association (MEA). The Department Head Group may make recommendations to the Benefits and Compensation Plan to the City Manager on or about the same time when the MEA's Memorandum of Understanding has been approved by the City Council.

## 2. Unit Description

The covered employees in this unit consist of regular employees of the City of Pacific Grove (City) occupying positions in the job classes set forth below. Classes are not necessarily exclusive. The City Manager has the right to add classifications to this group as determined by the City Manager:

### Department Heads:

- Administrative Services Director
- Chief of Police
- Community Development Director
- Library Director
- Human Resources Director
- Public Works Director

### Key Personnel:

- City Clerk

### **3. Compensation**

#### **3.1. Salary**

Salaries for this unit are listed in the salary schedule published on the [City's website](#).

#### **3.2. Management Time Compensation**

Due to the unique aspects of their normal job duties, employees shall receive Management Time Compensation in lieu of paid management leave, overtime, or compensatory time in the amount of 3% of base salary.

Unit members are required to work flexible hours and will adjust their schedules as they feel appropriate to meet their responsibilities.

#### **3.3. Salary Steps**

Salary steps for classifications in this unit span from one (1) to seven (7) steps with an approximate 5% salary difference between each step.

### **4. Insurance Benefits**

#### **4.1. Employee Health Plan Eligibility**

The City contracts with the California Public Employees' Retirement System (CalPERS) for participation under the Public Employees Medical and Hospital Care Act (Government Code Section 22750, et. seq. ["PEMHCA"]), for the purpose of providing medical insurance benefits for employees, and employees who have retired from employment with the City and who constitute "annuitants" as defined by PEMHCA.

- a) Unit employees shall be entitled to participate in the City-sponsored group health plans including medical, dental, and vision as well as optional benefits.
- b) Eligible employees enrolling in the group health plans within 60 days following their appointment with the City will be covered subject to the contract limitation with the group health plan carrier. Coverage shall commence when the employee is eligible for coverage under CalPERS rules and the group health plan carriers' rules.
- c) Human Resources will notify employees of annual open enrollment periods to change group health plans or enroll in additional benefits - unless the employee can certify a qualifying loss of coverage allowing such a change. (an eligible spouse, domestic partner, or minor child requiring health coverage because of a court order; new children by birth or adoption, or placement of adoption; new family members due to marriage or domestic partnership registration; or those whose health plan was cancelled due to an involuntary loss of coverage).

#### **4.2. City Paid Health Premiums**

- a) City shall pay the employer required statutory minimum contribution for eligible employees and annuitants (as defined by Government Code section 22760) enrolled in the CalPERS health plans as required by PEMHCA.
- b) Health care premiums include medical, dental and vision.
- c) In addition to the PEMHCA contribution set forth above, and for active City employees participating in any three health plans: medical, dental and vision:

- 1) Effective the first full pay period in December 2020 for January 2021 premiums, the City will contribute according to the plan enrollment levels set forth below:

Plan Enrollment Level	Monthly Employer Contribution (amount excludes PEMCHA)
Employee Only	\$950
Employee + 1 Dependent	\$1,300
Employee + 2 or More Dependents	\$1,700

#### 4.3. Rate of Contribution Cash In Lieu

Beginning January 2021, employees who are not currently grandfathered in the cash-in-lieu program may opt out of health (medical, dental and vision) during open enrollment and receive \$250 per month taxable cash in lieu (\$115.38 for each twenty-six pay periods). Employees who receive the cash-in-lieu, must provide proof of other coverage for medical.

#### 4.4. Proof of Other Coverage

Employees who opt out of the City’s medical plan and receive cash in lieu must provide the following:

- (a) proof the employee and all individuals for whom the employee intends to claim a personal exemption deduction (“tax family”) have, or will have, minimum essential coverage through another source (other than coverage in the individual market, whether or not obtained through Covered California) for the plan year to which the opt out arrangement applies (“opt out period”);  
and
- (b) the employee must sign an attestation that the employee and their tax family have, or will have, such minimum essential coverage for the opt out period. An employee must provide the attestation every plan year at open enrollment or within 30 days after the start of the plan year.

#### 4.5. Section 125 Plan

Employees may elect to participate in three Section 125 programs offered by the City, as well as optional programs. The available programs are Pre-Tax Premium Option, Dependent Care, and Flexible Spending Account. Each of these programs shall be administered in accordance to the IRS Code. For purposes of information, the following provides a description of the programs.

- Pre-Tax Premium Option: Permits payment of health insurance premiums subject to salary deduction with pre-tax income.
- Dependent Care: Permits payment of eligible dependent care with pre-tax income.
- Flexible Spending Account: Permits payment of eligible health care expenses not reimbursed by health insurance with pre-tax income.
- Optional Insurance Programs (e.g. AFLAC or other pre-tax offerings sponsored by the City).

#### 4.6. 457 Deferred Compensation Plan

The City will match up to \$50.00 per pay period of any member’s contribution to the City’s Deferred Compensation Plan authorized under the Internal Revenue Code Section 457.

#### **4.7. Group Life Insurance**

The City shall provide, at its cost, Group Life Insurance with Accidental Death and Dismemberment at a minimum benefit of \$50,000.

#### **4.8. Supplemental Short-Term/Long Term Disability Plan (STD/LTD)**

The City shall provide, at its cost, supplemental Short-Term and Long-Term Disability Insurance.

#### **4.9. State Disability Income Protection Plan**

Department Head Group employees shall be covered by the State Disability Income (SDI) Protection Plan at their expense. The SDI benefit will be integrated with City PTO leave benefits.

#### **4.10. Medicare**

The City deducts for Medicare participation.

#### **4.11. Workers Compensation Salary Continuation**

Unit members who suffer a bona fide on-the-job injury, as determined under the provisions of the California Workers' Compensation laws, and who, as a result of such injury, are unable to work in their regularly assigned position or other position as determined by the City, will be entitled to receive full salary and benefits for the first 90 days of such absence from the date of the incurred injury. No charge to the member's sick leave, vacation, personal time off, or other compensatory time off or other leave will be made during the first 90 days from the date of the incurred injury. The City also offers a Disability Insurance policy that establishes additional benefits for absences due to disabilities.

### **5. Fitness Incentive**

#### **5.1. Fitness Incentive Administration**

The City's Fitness Incentive Program is administered through Monterey Sports Center (MSC). Employees may contact MSC to make an appointment to conduct their fitness assessment.

##### Benefits to the City

- Lower rate of absenteeism of employees
- Higher employee morale
- Testing available for all ages and abilities
- Potential for decreased health care costs
- Potential for lowered health insurance costs

##### Benefits to the Employees

- All testing is confidential
- Increased morale
- Increased fitness/health
- City pays fitness assessment fee
- Incentives for fitness improvements (provided by the City)
- Potential for decreased health risks
- Potential for decreased absenteeism

## 5.2. Fitness Assessment Procedure

Employees may contact MSC to make an appointment to conduct their fitness incentive. Employees may schedule two fitness-assessments per calendar year (January through June and July through December). Employees volunteering to be assessed twice a year, who improve their rating, will receive the difference in the incentive between their first and second rating. The maximum incentive to be received by an employee during any calendar year is \$500.

Fitness assessments are scheduled and coordinated with MSC. Assessments should take no more than one hour for each participant. Results will be generated and a Fitness report and analysis will be provided to each participant. MSC will relay overall fitness assessment ratings of employees to the City's Human Resources to process incentive pay-out.

Employees participating in the fitness testing may do so on or off duty, providing there is adequate staffing. No overtime will be paid for off-duty participation.

## 5.3. Fitness Testing Components

Testing includes assessment of:

- Blood Pressure
- Resting Heart Rate
- Cardiovascular Function
- Strength
- Flexibility

Testing can be adapted for persons with special needs.

## 5.4. Fitness Incentive Plan

The incentive for employees is determined by the rating given to the employee by MSC after employees complete the Fitness Profile. The Fitness Profile evaluates personal fitness test results based on the national norms for specific age and gender categories. Compensation is determined as follows:

Overall Rating	Compensation
Excellent	\$500
Fit	\$250
Fair	\$125
Needs Work	\$0

## 6. Retirement

Employees in this group are eligible for retirement benefits as provided under the law. Those plans and benefits are described in this section for informational purposes only. The City does not provide these benefits under a separate contract. Therefore, where there is a conflict between the description of benefits provided in this Plan and what is provided under CalPERS laws and regulations, the CalPERS laws and regulations shall govern.

The City's CalPERS plans currently include a two-tiered retirement system to address Classic Members and New CalPERS Members as required by the California Public Employees' Pension Reform Act (PEPRA) of 2013.

## **6.1. Definitions**

The terms “Classic Member” and “New CalPERS members” are defined by CalPERS law and regulations, but in general, are construed to have the following meanings:

### **A. Classic Member**

“Classic Member” is determined by CalPERS through CalPERS rules and is typically defined as an employee who is not a “new member.”

### **B. New CalPERS Member**

“New Member” is defined by CalPERS and generally means an individual who either:

- Becomes a member of CalPERS for the first time on or after January 1, 2013 and either (i) was not a member of any other public retirement system prior to that date or (ii) was a member of another public retirement system prior to that date but was not subject to reciprocity between their new employer’s plan and another public retirement system;
- or
- Was an active member in CalPERS and, after a break in service of more than six months, returned to active membership in CalPERS with a new employer.

## **6.2. Service Pension for Classic Members**

The retirement formula expressed in Government Code Section 21354 commonly known as “2% at 55” local miscellaneous members shall apply to covered Classic Members.

The retirement formula expressed in Government Code Section 21362.2 commonly known as “3% at 50” local safety members shall apply to covered Classic Members, to the extent required by PEPRA.

## **6.3. Cost Sharing - Service Pension for Classic Members**

The parties shall share the City’s contribution towards retirement benefits in accordance with Government Code Section 20516, subdivision (a), as follows:

- Classic Members subject to this Compensation and Benefits Plan who are local miscellaneous members shall pay 5% of the employer share of PERS costs in addition to the employee’s member contribution.
- Classic Members subject to this Compensation and Benefits Plan who are local safety members shall pay 5% of the employer share of PERS costs in addition to the employee’s member contribution.

## **6.4. Final Compensation for Classic Members**

“Final Compensation” shall be applied for retirement purposes as specified in Government Code Section 20042, as one year’s highest compensation.

## **6.5. Credit for Unused Sick Leave for Classic Members**

Employees shall be given service credit upon retirement for unused sick leave as specified in Government Code Section 20965.

## **6.6. New CalPERS Members Benefit Rate, Contribution and Final Compensation**

New CalPERS Local Miscellaneous and Local Safety Members shall receive and make contributions for PERS benefits in compliance with PEPRA.



- A. **Benefit Rate.** Per Government Code 7522.20, New Local Miscellaneous (non-safety) Members benefit rate shall be 2% @ 62. New Local Safety Members benefit rate shall be 2.7% @57 in accordance with Government Code 7522.25.
- B. **Contribution.** New CalPERS Members shall pay 50% of the normal cost of their pension benefit.
- C. **Final Compensation.** Final compensation is the three-year average of the final compensation period.

### **6.7. 1959 Survivor's Allowance**

The "1959 Survivor's Allowance Fourth Level" as defined in Government Code Section 21574 shall apply to both Classic and New CalPERS Members. The employee cost is \$2 per month.

### **6.8. Military Service Credit**

Military Service Credit as defined in Government Code Section 21024 shall apply to both Classic and New CalPERS Members.

### **6.9. Continued Application**

The City and the Department Head Group (collectively, the Parties) agree that all elements of the CalPERS article shall have continued application until or unless it is amended by mutual agreement of the Parties.

## **7. Leave Provisions**

### **7.1. Sick Leave (applies only to "Legacy" Employees, hired before June 30, 2015)**

#### **A. Sick Leave Balances**

Employees with sick leave balances may retain balances as a sick leave bank. Sick leave accrued before June 30, 2015 may be used as personal time off (PTO) or may be retained as a sick leave bank.

#### **B. Sick Leave Buy Out**

Upon separation of employment, other than retirement, the employee shall be entitled to be paid for 50% of their sick leave balance accumulated at the time of such termination.

Upon retirement, the employee shall be entitled to be paid for 50% of any accumulated sick leave in excess of that for which retirement credit is given.

In the event the employee is terminated by virtue of a conviction of a felony or any other illegal act, the City shall have no obligation to provide sick leave buy-out.

### **7.2. Personal Necessity Leave**

Employees may use accrued sick leave or PTO leave in the event of the personal illness or injury of a family member, including father, mother, sibling, spouse, registered domestic partner, child, stepchild, grandparent, or in-laws.

### **7.3. Bereavement Leave**

Up to a maximum of five (5) days of paid leave will be granted per occurrence in the case of the death of a family member, including father, mother, brother, sister, spouse, child, step parent,

step child, grandparent, in-laws, registered domestic partner, child of registered domestic partner or any other member of the immediate household.

**7.4. Paid-Time Off (PTO)/Vacation**

Effective July 1, 2015, a Two-Tiered PTO program was implemented. The two-tiers identify the leave accrual rate and policy for Legacy Employees and New Employees.

**7.4.1. Legacy Employees and New Employees**

A. Definitions

1. Legacy Employees are those hired on or before June 30, 2015.
2. New Employees shall be defined as those hired on or after July 1, 2015.

B. Accrual Rate for both Legacy and New Employees:

Years of Service	Hours Earned per Month	Hours Earned Per Year
Less than 4	12	144
5 to 6	14.00	168
7 to 8	14.667	176
9 to 10	15.33	184
11 to 12	16.00	192
13 to 14	16.667	200
15	17.333	208
16 plus	18.00	216
17	18.667	224
18	19.333	232
19	20.00	240
20 plus	20.667	248

C. PTO Accumulation for Legacy and New Employees

For Legacy employees, PTO shall not be accrued any time the employee’s PTO balance exceeds 400 PTO hours. For New employees, PTO shall not be accrued any time the employee’s PTO balance exceeds 320 PTO hours.

**7.4.2. PTO/Vacation Buy-Back Program**

Employees may sell back to the City up to 80 hours of their PTO/Vacation in any calendar year if both of the following conditions are met:

- The employee has used (taken) at least 40 hours of PTO/vacation during the preceding calendar year; and
- The employee must have at least 40 hours of PTO/vacation remaining after the buy-back of some of the accumulated vacation.

On or before the pay period that includes December 15 of each calendar year, an employee may make an irrevocable election to cash out up to eighty (80) hours of accrued vacation (in whole hour increments), which will be earned in the following calendar year at the employee’s base rate of pay. On the pay day for the pay period that includes Thanksgiving in the following year, the employee will receive cash for the

amount of vacation the employee irrevocably elected to cash out in the prior year. However, if the employee's vacation leave balance is less than the amount the employee elected to cash out (in the prior calendar year) the employee will receive cash for the amount of leave the employee has accrued at the time of the cash out.

**7.4.3. PTO/Vacation Payout**

PTO/Vacation leave balance shall be paid out at the base rate of pay upon employee's separation from employment.

**7.5. Paid Holidays**

Employees are paid 8 hours of base pay for a paid holiday.

**7.5.1. Paid Holiday Observation**

Unless otherwise provided, when a holiday falls on a Sunday, the following Monday shall be observed; when a holiday falls on a Saturday, the prior Friday shall be observed. When a holiday falls during an employee's regularly scheduled time off, the working day immediately preceding, or immediately following such holiday, shall be observed as a holiday with the determination of the City Manager.

**7.5.2. Paid Holiday Schedule**

Legacy Employees and New Employees shall receive annually the following nine (9) paid holidays:

Paid Holiday Schedule	
1.	New Year's Day
2.	Memorial Day
3.	Independence Day
4.	Labor Day
5.	Veteran's Day
6.	Thanksgiving Day
7.	Thanksgiving Holiday/Day after Thanksgiving
8.	Christmas Eve Day
9.	Christmas Day

**7.6. Floating Holidays**

Effective July 1, 2015, a two-tiered floating holiday schedule was implemented. The two-tiers identify the floating holiday schedules for Legacy and New Employees.

Effective July 1, 2020 and thereafter annually:

- A. Legacy Employees shall receive six (6) floating holidays each fiscal year; and
- B. New Employees shall receive four (4) floating holidays annually each fiscal year.

Legacy and New Employees may select the date upon which they shall use any floating holiday, subject to scheduling needs of the City. If a floating holiday is not used within the fiscal year, the time shall be forfeited.

With the approval of the City Manager, floating holidays denied due to staffing shortages or other operational reasons will be paid or accumulated, at the employee's choice, at the end of

the fiscal year. The employee will have the burden to prove the request was made in a timely manner and then denied.

**7.6.1. Prorated Allocation for New Employees**

Employees shall have the number of floating holidays prorated based upon their date of hire as follows:

Date of Hire	Number of Floating Days
July 1 to September 30	4 floating holidays
October 1 to December 31	3 floating holidays
Jan 1 to March 31	2 floating holidays
April 1 to June 30	1 floating holiday

**8. Working Conditions**

**8.1. Step Advancement**

**8.1.1. Step Eligibility**

Employees are eligible for a salary step increase upon their hire date anniversary, last reclassification/promotion/classification change anniversary, or after the completion of 2,080 hours of paid service from their last step increase, whichever is longer (step eligibility date), and upon successful performance. Time spent on legally protected leaves of absence such as FMLA or California Family Rights Act (CFRA) count towards step increase eligibility.

A step increase is discretionary and may be withheld due to marginal performance. Please refer to the City’s Administrative Policy and Procedure Manual.

**8.1.2. Step Increase Effective Date**

The effective date of the step increase shall be the first full pay period following the employee’s step eligibility date.

**8.2. Work Outside Business Hours**

Department Head Group employees receive management incentive compensation to recognize the unique aspects of the normal job duties. Management employees are expected to:

- A. Regularly attend City Council Meetings and/or a City Advisory Board(s); to include preparation and presentation of agenda items; and
- B. Regularly work on special projects, or City initiatives that may require work hours before or after normal business hours as well as be required to work weekends.
- C. Be the first to staff the department outside of normal business hours, including weekends, when there is a critical need to complete work and/or during a natural disaster or emergency.

Management employees who do not work outside business hours as listed above or similarly, will forfeit the management incentive compensation. The City Manager will monitor.

### **8.3. Uniform Allowance**

The City will contribute a \$92.50 monthly uniform allowance for the sworn police personnel in the Department Head Group.

### **8.4. Call-Back Vehicles**

The City will provide the Chief of Police with a vehicle for emergency response during off-duty time.

### **8.5. Personal Use Cell Phone Stipend**

The City will pay a cell phone stipend of \$50 per month (taxable) for employees using their personal cell phone for City-related business. Employees receiving this stipend shall keep the cell phone in service (voice & data) at all assigned times and shall maintain the phone in proper working order at the employee's expense. No employee will be allowed the personal cell phone stipend if they also maintain a City-provided cell phone. The City has no financial responsibility for upgraded, lost, or damaged personal cell phones.

Employees receiving the personal use cell phone stipend must provide their cell phone number to the City and have it published in the internal City directory. City-related communications made on a personal cell and the City-issued cell phone are subject to disclosure under the Public Records Act. Employees must provide City-related personal cell phone records upon request.

### **8.6. At-Will Status and Severance Pay**

Employees in this Group are in the general service (i.e. at-will employees). For purposes of this Plan, general service or at-will status shall mean the City has right to terminate the employment relationship for any reason, with or without cause, with or without notice, without further obligation or liability except for the severance pay option provided under this Plan. This provision supersedes any contrary oral agreements between the City and any Department Head Group employee.

The City need not state reasons for release of an at-will or general service employees, and such employees have no right or expectation to have release or post-release proceedings, hearings, or appeals, except persons subject to the Public Safety Officer Procedural Bill of Rights (Govt. Code Section 3300 et seq). Specifically, the Chief of Police shall be afforded the protections of subdivision (c) of Section 3304 of the Government Code.

The following positions are at-will and subject to general service. These employees have no right to return to employment in a former position or a right to employment in a former position, or a right to employment in any other position within the City by reason of their employment status:

- Administrative Services Director
- Chief of Police
- City Clerk
- Community Development Director
- Library Director
- Human Resources Director

- Public Works Director

No statement, whether oral or written, or conduct may change such status, except a formal resolution of the Council resolved at a duly held meeting adopting a change of the terms of this Plan. Apart from the Council at a duly noticed meeting no person employed by the City has the authority to modify the at-will or general service status of such of Department Head Group employees. The City Manager has discretion to include additional positions to this list.

#### **8.6.1. Severance Option**

Such at-will or general service employees shall be entitled to a severance option to receive one week of severance pay for each full year of completed service with the City for up to a maximum of four weeks if involuntarily terminated by the City following completion and execution of the City severance agreement. The amount of each week of severance pay shall be equivalent to the total salary for one week plus the pro rata share of the amount the City would have paid towards health benefits for that week. Employees terminated for illegal activities, gross malfeasance or dereliction of duties or absence from employment without a good cause are not eligible for this severance option.

#### **8.7. Discipline**

The City will generally follow progressive discipline guidelines as outlined in the Pacific Grove Municipal Code Section 4.20.410 Discipline of officers and employees and the APPM; however, nothing in Section 4.20.410 modifies the at-will nature of the employment status for employees in this Department Head Group.

### **9. Continuing Education and Professional Development**

#### **9.1. Tuition Reimbursement**

The City shall reimburse eligible tuition expenses up to \$3,000 per fiscal year. Courses must be work-related and be pre-approved by the City Manager prior to enrolling. Classes must be taken during the employee's off-duty hours for which the employee is not receiving any form of compensation from the City. Employees must obtain a grade B or better for reimbursement. Upon successful completion of the course, the employee shall submit a request for reimbursement to the City Manager, with a grade record or other suitable certification, and proof of payment.

The tuition reimbursement program may be suspended at any time with or without notice pending City finances. However, reimbursement requests for courses pre-approved and in-process will be honored.

### **10. Term**

The term of this Plan shall commence July 1, 2021 and shall continue in force until amended.