

COMPENSATION PLAN

City of Novato
and
Exempt Management
(Unit G)

Term of Agreement
July 1, 2019 – June 30, 2021

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**EXEMPT MANAGEMENT RECOGNITION AND
INCENTIVE COMPENSATION PROGRAM
FOR FISCAL YEARS 2019/2020 AND 2020/2021**

PREAMBLE

This program is adopted in order to promote the development of a stronger, more effective Management Team, not merely for purposes of employer-employee relations but also as a means of recognizing outstanding management performance in all public service areas.

These general purposes may be achieved through several means; notably training, more effective communication among departments, clear identification of goals and objectives, and by relating effective job performance to an incentive program. Also inherent in such a program is the means of retaining good Department Heads and supervisory personnel, and strengthening the managers (if any) whose effectiveness and performance fall short of reasonable levels of expectation.

A management recognition and incentive program should promote greater management identification, organization loyalty, and motivation among Department Heads and other exempt administrative personnel. This program can enhance the professional growth of management personnel, and can promote a consistently higher level of service to the public. Exempt employees shall include the following which shall be referred to as Department Head classifications: Assistant City Manager, Chief of Police, City Manager, Community Development Director, Finance Director, and Public Works Director.

Non-Department Head classifications shall include the following additional classifications: City Clerk, Deputy Director of Administrative Services, Deputy Director of Community Services, Economic Development Manager, Engineering Services Manager, Human Resources Manager, Planning Manager, Public Works Administrative Manager, Recreation Operations Manager, and Technology Manager.

1. SALARY AND OTHER COMPENSATION

1.1 Salaries

Salaries for applicable Management classifications shall be paid in accordance with the employee's placement on the Salary Schedule.

Effective the full pay period following approval by the Novato City Council, all unit members, except for the classification of Chief of Police, shall be receive a base wage adjustment of two and-one-half percent (2.5%).

1.2 One-Time Dollars

In addition to the salary increases as outlined above, each person who is employed in a unit position, including the classification of Chief of Police, shall receive a lump sum payment as specified below. The payments will be made as separate direct deposit in conjunction with the regular payroll for the first pay period after adoption by the Novato City Council:

Upon approval of Council	\$2,500
July 1, 2020	\$2,500
January 1, 2021	\$1,000

- Except for the 2019 payment, only unit members hired prior to July 1, 2019 are eligible for the July 1, 2020 and January 1, 2021 payments.

1.3 Performance Pay

Subject to City Council appropriation of funds, performance pay is available annually on July 1 to all non-Department Head classifications of up to \$2,000, and up to \$3,000 for Department Head classifications, based upon the performance of eligible employees. Performance shall be documented by the employee's supervisor in their annual evaluation, and the amount of performance pay shall be determined by the City Manager.

1.4 Transportation and Technology Stipend

Each unit member will receive a monthly two hundred and fifty dollars (\$250) stipend to use towards transportation and technology.

1.5 Bilingual Pay

Upon recommendation of the City Manager or designee, each person who has demonstrated Spanish language fluency to provide bilingual translation services shall receive an additional three percent (3%) of base compensation. To receive bilingual pay, the unit member shall have demonstrated language fluency in the designated language to the City's satisfaction and must provide bilingual services within the scope of their position and as otherwise directed by the City.

2. VACATION LEAVE

In recognition of the fact that many management personnel are recruited from outside the City, that the average tenure for top management personnel is substantially lower than that of nonexempt personnel, and that at least five (5) years' prior experience is required, the following vacation leave policy for exempt personnel shall be implemented.

2.1 Vacation Entitlement

Exempt employees shall accumulate vacation time in accordance with the following vacation entitlement schedule:

<u>Service</u>	<u>Work Weeks</u>
First Year	2
After 2 Years	3
After 5 Years	4

An employee shall begin earning vacation upon the first day of employment. Vacation leave time shall be accrued as it is earned; odd fractions rounded to the nearest tenth. Vacation time shall not be taken until earned and shall be subject to other provisions of this resolution. When an employee is on a leave without pay status, he/she shall not be entitled to earn vacation. For purposes of calculating vacation earned upon termination, the entitlement is earned on a monthly basis calculated by multiplying the annual entitlement times 8 hours and dividing by 12. Odd fractions will be rounded to the nearest tenth. Upon termination of an employee's service with the City, he/she shall be paid a lump sum for all earned vacation not taken.

An employee may take vacation at times approved by the City Manager or designee. It is the policy of the City that employees take their normal vacation each year; provided, however, with the approval of the City Manager or designee, an employee may take less than a normal vacation in one year and carry the balance of his/her earned time over to the next year. However, no employee shall be allowed to carry over more than 30 days (270 hours) of earned vacation to the next. Although vacation time may be taken in increments of nine (9) hours, at least one (1) week of annual vacation must be taken as five (5) consecutive days.

2.2 Excess Pay Off

Earned vacation time in excess of 30 days (270 hours) on an employee's anniversary date shall be paid off.

2.3 Optional Pay Off

In addition to the excess pay off provided above, Exempt Management employees may also cash out up to 80 hours of accrued vacation annually if they have used at least 80 hours of leave (vacation or executive leave) during the past twelve (12) month period.

2.4 Vacation Cap Account

A "vacation cap limit" account will be established for members whose vacation balances exceed the maximum for the unit.

1. Vacation balances in excess of the maximum shall be shifted to a special "vacation cap limit" account.
2. In addition, a member who must shift hours to the "vacation cap limit" account may request that up to an additional 30 hours of vacation balance be shifted to their "vacation cap limit" account in order to create accrual capacity within their regular vacation account. A request to do so must be submitted in writing to the Human Resources Manager no later than August 30, 2010.
3. Members will use no less than 20% of the "vacation cap limit" balances per fiscal year, utilizing a declining balance calculation, until the hours are exhausted.
4. All hours in the member's "vacation cap limit" account must be used by September 15, 2015.
5. Hours in the "vacation cap limit" account will be scheduled in accordance with City and Department leave policy.

3. HOLIDAYS

All employees shall receive thirteen (13) paid holidays per year.

New Year's Day	January 1
Martin Luther King Day	Third Monday in January
President's Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Thanksgiving Day	4th Thursday in November
Friday after Thanksgiving	
Christmas Eve	December 24
Christmas Day	December 25
New Year's Eve	December 31

Two (2) Floating Holidays

It is the intent of this resolution that all full-time employees receive thirteen (13) paid holidays regardless of their assigned work week. When a holiday falls on a Saturday, the preceding Friday shall be deemed a holiday. When a holiday falls on a Sunday, the following Monday shall be deemed a holiday. When an employee is required to work on a holiday, he/she may select another day as holiday leave with pay during the fiscal year with the consent of the City Manager.

3.1 Floating Holiday

The floating holiday may be taken at any time during the fiscal year with the approval of the City Manager or designee. The floating holiday may be accumulated as Executive Leave during the Fiscal Year.

3.2 Chief of Police Holiday Pay In-Lieu

In accordance with Resolution 1-13 and in recognition of the requirements of managing a 24 hour per day, 7 day per week public safety operation, the Chief of Police shall be entitled to the same holiday pay in-lieu of time off that is provided to all other management employees in the Police Department under the terms of their MOU. The holiday pay is based on 12 holidays at 10 hours per day for a total of 120 hours.

4. EDUCATION LEAVE

4.1 Education Leave

In order to promote continued development of skills, knowledge and abilities among the Management Team of the City, the City Manager may grant time off to any exempt employee for educational leave. Such leave may be received in order to attend professional, technical managerial workshops, courses, conferences, conventions, seminars or related activities. The costs for attendance at these activities, including travel, per diem, registration, tuition, material or other reasonable costs, are legitimate City expenditures as provided for in the annual City Budget and Administrative Policy 6.2. The incentive payment provisions of this Policy shall be provided in the amount of \$150 for tuition reimbursement and \$20 per month for level one reimbursement and \$40 per month for level two reimbursements.

4.2 Chief of Police Education Incentive

In accordance with Resolution 1- 13, the Chief of Police shall be entitled to the same education incentive that is provided to all other management employees in the Police Department under the terms of their MOU. The incentive shall be:

Associate's Degree	3%
Bachelor's Degree	4%
Master's Degree	5%

The education incentives are not cumulative. Only one incentive shall be provided based on the highest degree attained.

5. EXECUTIVE LEAVE

In recognition of the long hours required to perform at the level of top management, including attendance at numerous meetings outside normal working hours, the following Executive Leave policy shall be implemented:

5.1 Executive Leave Accrual

Each exempt management employee may receive up to ten days (90 hours) administrative leave annually. An additional ten days (90 hours) administrative leave may be awarded at the discretion of the City Manager. Executive Leave is to be taken in increments of nine hours.

5.2 Cash Out of Excess Leave

Employees in the Exempt Management group may accumulate a maximum of 30 days (270 hours) of Executive Leave. On July 1, all hours in excess of 270 shall be paid off.

5.3 Optional Leave Usage Requirements

Although vacation time may be taken in increments of nine (9) hours, at least one (1) week of Executive Leave must be taken in five (5) consecutive days.

6. TERMINATION ALLOWANCE

6.1 Severance Pay

In order to foster job security within a professional climate, exempt employees who receive no protection from the City's Merit System will be entitled to 90 calendar days severance pay when they are discharged from the City service; provided, however, that the Department Head has been in the employ of the City for at least one year. In addition, exempt employees shall give 30 days notice prior to voluntary termination.

6.2 Allowance Schedule

Exempt employees shall be covered by the following termination allowance schedule in addition to the 90 calendar days covered in Section 6.1:

Service	<u>Work Weeks</u>
After 1 year	1
After 2 years	2
After 3 years	3
After 4 years	4

After 5 years	5
After 6 years	6
After 7 years	7
After 8 years	8
After 9 years	9
After 10 years	10

These amounts are additional to any accrued vacation leave, unused at the time of termination. The provisions of this section do not apply to any employee discharged for reasons listed in Government Code Section 19572, or any employee who voluntarily resigns from the City service for personal reasons.

7. PROFESSIONAL MEMBERSHIP FEES

7.1 Professional Membership Fees

Most exempt management personnel are expected to maintain membership in appropriate professional organizations. These memberships serve to acquaint the City with the current state-of-the-art in these professional areas by means of publications and special activities. The City will include the costs of these membership fees in the respective department budgets, subject to approval by the City Manager.

7.2 Chief of Police Uniform Allowance

In accordance with Resolution 1-13 and in recognition of the need to possess and maintain the appropriate uniforms for the position, the Chief of Police shall be entitled to the same \$60 per month uniform allowance that is provided to all other management employees in the Police Department under the terms of their MOU.

8. INSURANCE BENEFITS

8.1 Enrollment

When an employee commences work with the City, the effective date of coverage of his/her benefit distribution selection shall be that established by the individual carrier. In most cases, coverage begins the first of the month following date of hire.

Employees will choose from available health insurance programs and/or health and welfare plans at such times as carriers allow for open enrollment periods. Dependent coverage may be added or deleted between open enrollment periods subject to conditions imposed by the selected carriers.

The times at which enrollment in or withdrawal from nonmandatory group life or disability income insurance plans is authorized shall be as established by City policy subject to requirements of the insurance carriers.

8.2 Enrollment

Regular employees working half-time or more, but working less than a full schedule, shall be entitled to all benefits provided on a reduced time or payment basis computed on the ratio of allocated part-time employment to full-time employment.

8.3 Benefit Enrollments

Benefit enrollments are as follows:

Mandatory

Dental Insurance

Vision Insurance

Employee Life Insurance (Basic \$100,000, AD&D)

Optional

Long Term Disability Insurance

Health Insurance/Health and Welfare Programs (Medical carriers as provided by PERS health Plan):

Employee only

Employee and one dependent

Employee and two or more dependents

8.4 Benefit and Insurance Amounts and Distribution

Effective the first full pay period following approval by the Novato City Council, the City shall contribute the following amounts towards employee health care premiums based on the applicable participation levels:

- a. Employees at the “employee” only level shall receive \$1,050 per month or the amount of the Kaiser Region 1 premium, whichever is greater.
- b. Employees at the “employee plus one” level shall receive \$1,725 per month or the amount of the Kaiser Region 1 Two-Party premium, whichever is greater.
- c. Employees at the “employee plus two or more” level shall receive \$1,975 per month or the amount of the Kaiser Region 1 Family premium, whichever is greater.
- d. Employees hired on or before August 24, 2010, may cash any unused portion of the contribution as taxable income to the member.
- e. Employees hired on or after August 25, 2010, who enroll in a medical care plan through the City, shall receive no cash out of the City’s contribution for health care premiums if the contribution exceeds the amount required to pay the

premium. Such employees who do not enroll in a medical plan through the City shall be limited to health care cash out of no more than Two Hundred and Fifty Dollars (\$250.00) per month, which shall constitute taxable income to the member.

- f. Employees who were not enrolled in a health plan through the City as of July 1, 2014, may continue to cash any unused portion of the contribution as taxable income to the member during the term of the agreement. However, once these “grandfathered” members enroll into medical coverage with the City, they will lose their grandfathered status and will be subject to section 16.2(e).

8.5 Selection

Employees will choose from available optional health programs and/or health and welfare plans at such times as carriers allow for open enrollment periods. Dependent coverage may be added or deleted between open enrollment periods, subject to conditions imposed by the selected carriers. Mandatory coverage means that member participation is required. The times at which enrollment in or withdrawal from nonmandatory group life and disability income insurance plans is authorized shall be as established by City policy subject to requirements of the insurance carriers.

If the status of an employee’s dependent changes, the employee is responsible for notifying Human Resources within thirty (30) days of the effective date of the change to ensure that the City’s contribution rate is properly adjusted, if necessary. Failure to notify Human Resources of such change within thirty (30) days could result in the employee being held financially responsible for any benefit overpayment, if retroactive removal is required by law or benefit plan agreements. The employee will be required to reimburse the City via payroll deduction for any such benefit overpayment.

On an annual basis, any employee will be required to verify his/her dependent status, in writing, to ensure that the City is contributing the appropriate amount towards health insurance premiums and to conform the employee’s compliance with the Patient Protection Act and Affordable Care Act. The City will use the Cal PERS definition of the term “dependent.” The City reserves the right to request a new employee attestation of dependent status upon changes in benefit enrollments

Unit members will be begin participating in State of California Disability Insurance program no later than September 1, 2019.

8.6 Vision Coverage

Regular employees are eligible for vision insurance coverage for the employee and eligible dependents. The City pays one hundred percent (100%) of the monthly vision plan insurance premium rate for the standard plan on behalf of each regular full-time employee and his/her eligible dependents.

8.7 Life Insurance

The City will provide basic life insurance for each employee, in the amount of \$100,000. The City pays one hundred percent (100%) of the monthly life insurance premium on behalf of each regular full-time employee.

8.8 Domestic Partners

Health and welfare benefits available to employees shall also be available to domestic partners so long as the provider of the benefit covers domestic partners. To qualify for domestic partner benefits, the employee and his or her domestic partner shall be subject to the eligibility and registration requirements established by Section 297 of the State of California Family Code and by the California Secretary of State, as well as any requirements of the benefit provider. This shall include any requirements established by the California Public Employees' Retirement System as a provider of health benefits.

Employees shall also be entitled to bereavement, special sick leave, FMLA and other types of qualifying leave resulting from a domestic partner relationship.

9. RETIREMENT

The City will continue its participation in the State of California Public Employees' Retirement System (PERS) for members as follows:

9.1 Miscellaneous Employees:

- a. Tier One – Applicable to employees who are not defined as “New Members” in Government Code Section 7522.04 and were hired into the City before September 25, 2011, are eligible for a 2% @ 55 benefit formula with a one-year highest compensation benefit.
- b. Tier Two – Applicable to employees who are not defined as “New Members” in Government Code Section 7522.04 and were hired into the City on/after September 25, 2011, are eligible for a 2% @ 55 benefit formula with a three-year highest compensation benefit.
- c. Tier Three – Applicable to employees who are defined as “New Members” in Government Code Section 7522.04 and were hired into the City on/after January 1, 2013 are eligible for the 2% @ 62 benefit formula.
- d. The City will continue to provide the following benefits through its contract with the California Public Employees' Retirement System (PERS) for a retirement plan:
 - Level 4 1959 Survivors Benefits
 - Sick leave service credit

9.2 Miscellaneous Member Contributions

- a. Effective the first full pay period following approval by the Novato City Council, all Tier I and Tier II employees shall contribute 2.5% towards the employer share of PERS contributions resulting in a total employee contribution of 9.5%. The City will amend its agreement with Cal PERS to reflect the increased employee contribution rate.
- b. Tier III employees, who are defined as “New Members” hired on/after January 1, 2013, shall continue to contribute 50% of the total normal cost, unless otherwise determined by CalPERS, or the PERS retirement plan.
- c. Employee contributions paid by members will be deducted on a pre-tax basis, in accordance with IRC Section 414(h)(2).

9.3 Public Safety Police Employees:

- a. Tier One – Applicable to employees who are not defined as “New Members” in Government Code Section 7522.04 and were hired into the City of Novato before September 25, 2011, are eligible for a 3% @ 55 benefit formula with a one-year highest compensation benefit.
- b. Tier Two – Applicable to employees who are not defined as “New Members” in Government Code Section 7522.04 and were hired into the City of Novato on/after September 25, 2011, are eligible for a 3% @ 55 benefit formula with a three-year highest compensation benefit.
- c. Tier Three – Applicable to employees who are defined as “New Members” in Government Code Section 7522.04 and were hired into the City of Novato on/after January 1, 2013 are eligible for the 2.7% @ 57 benefit formula.
- d. The City will continue to provide the following benefits through its contract with the California Public Employees’ Retirement System (PERS) for a retirement plan:
 - Level 4 1959 Survivors Benefits
 - Sick leave service credit
 - Purchase of Military Service Credit (Government Code§ 21024)

9.4 Public Safety Police Member Contributions

- a. Tier I and Tier II employees shall contribute 9.0% towards the employee share of PERS contributions.
- b. Tier III employees, who are defined as “New Members” hired on/after January 1, 2013, shall continue to contribute 50% of the total normal cost, unless otherwise

determined by CalPERS, or the PERS retirement plan.

- c. Employee contributions paid by members will be deducted on a pre-tax basis, in accordance with IRC Section 414(h)(2).

10. LEAVE

10.1 Sick Leave

1. Exempt employees shall be entitled to nine (9) hours of sick leave with pay for each month or major fraction thereof.
2. Sick leave with pay up to a total number of working days accumulated shall be granted by the City Manager or Designee in case of bona fide illness or injury and/or in accordance with the FMLA and CFRA.
3. Employees of this group will have the ability to transfer earned sick leave to other employees in units participating in this program, subject to the following conditions:
 - a. The transferee shall have or expect to have total accrued sick leave time or less than 24 hours at the time of the transfer.
 - b. No one can, by use of this transfer, reduce his or her accrued sick leave to less than 40 hours.
 - c. All such transfers shall be approved by the City Manager or Assistant City Manager.
 - d. All transfers shall be anonymous to the transferee.

10.2 Bereavement and Special Sick Leave

Leave with pay up to forty (40) hours per year shall be granted by the City Manager or designee in case of the death or serious illness of a mother, father, spouse, sister, brother, son or daughter. Bereavement leave or special sick leave in case of death or serious illness of other persons may be granted only upon approval of the City Manager or designee. Bereavement or special sick leave shall be charged against accumulated sick leave.

10.3 Exceptions - Sick Leave

Sick leave with pay shall not be granted for any injury attributable to an outside occupation (for which Workers' Compensation benefits are available and engagement therein has not been authorized).

10.4 Sick Leave Pay Off

Accumulated sick leave will be credited to employee's length of service upon retirement from the City of Novato and will become a part of the calculation upon which PERS retirement benefits are established.

10.5 Industrial Accident Leave

In cases where Workers' Compensation is not immediately payable, City will provide full pay, without charge against sick leave, during the first five (5) days off work and any portion thereof, following an industrial accident, provided the City determines that:

1. The accident is, in fact, work related.
2. Time and duration off from work is necessary as determined by the treating physician.

Any compensation insurance payments received by the employee, except for payment received for permanent or partial disability not associated with current injury, shall be deposited in the City treasury for this five day period. After the first five days, or if not in conformance with the above criteria, accumulated sick leave shall be applied to time off work following an industrial accident in a proportionate amount which, when added to workers' compensation benefits, provides compensation benefits equal to 86% of the employee's wage or salary.

The employee has the right to notify the City, in writing; prior to an injury, of his/her choice of physician should the employee be injured. If the employee does not make this prior notification, the City has the right to require that the treatment be provided by a City designated medical examiner during the first 30 days after the injury in accordance with Sections 4600 and 4601 of the Labor Code. This does not preclude the employee from seeking emergency treatment from a physician of the employee's choice, or from being evaluated by a doctor of the employee's choice even while under treatment from the City's medical examiner. In such circumstances, other than in emergency situations, use of a personal physician would be at employee's expense. If the employee is still in need of medical 30 days after the work related and reported injury, the employee has the right to be treated by a doctor of his/her choice.

Industrial accident leave shall begin on the first day of such absence and shall continue for the length of the approved medical leave.

When an employee is on industrial accident leave status and such industrial accident leave time due the employee has been exhausted, subsequent leave of absence shall first be charged to sick leave accruals, then to compensatory time accruals and then to vacation accruals. An exception shall be made if such would cause an employee to lose vacation which could not be carried forward.

10.6 Miscellaneous Leave With Pay

Exempt employees shall be granted leave of absence with full pay for:

1. Jury service;
2. Subpoena of him/her as a witness; or
3. Attendance in court resulting from his/her official duties as assigned by the City Manager.

Any extra compensation received by the employee for the above (travel time exempt) shall be remitted by the employee to the City.

10.7 Leave of Absence Without Pay

Upon the written request of any employee, the City Manager or designee may approve in writing a leave of absence without pay for a period not exceeding three months; the City Council may approve such a leave for a period not exceeding one year. During such leave of absence, benefits will not be paid unless employee elects to reimburse the City for cost; sick leave, vacation or holiday benefits will not be accrued or paid.

Leave of absence without pay will also be granted in accordance with the Federal Family and Medical Leave Act of 1993 and the California Family Rights Act of 1991.

10.8 Holiday Closure

Members of the Exempt Management group shall be entitled to the same holiday closure benefits granted to other employee groups during the term of this resolution.

11. FAMILY MEDICAL LEAVE ACT/CALIFORNIA FAMILY RIGHTS ACT

The City acknowledges its obligation to comply with the requirements of the Family Medical Leave Act (FMLA) and California Family Rights Act.

12. OCCUPATIONAL HEALTH

The costs of annual medical examinations and diagnostic services shall be borne by the City, and costs for treatments or correction of deficiencies shall be borne by the employee. This will be in compliance with adopted medical job standards and the Federal Occupational Safety and Health Act.

13. CHIEF OF POLICE COMPENSATION

In addition to the items of compensation set forth above that are specifically extended to the Chief of Police (education incentive, holiday pay in lieu of time off and uniform

pay), the Chief's position shall also be entitled to the following benefits:

- a. Vacation accrual at 176 hours per year;
- b. A contribution of \$150 per month into the PORAC Retiree Medical Trust;
- c. A monthly contribution of \$150 into a deferred compensation account;
- d. Reimbursement for education expenses up to \$5,000 annually for training in leadership, public safety management, and other areas related to the position of Police Chief and of mutual benefit to the Chief and the City;
- e. In lieu of a housing loan, relocation reimbursement of up to \$5,000 if the Chief moves to Novato. The relocation reimbursement maximum will decrease annually by \$1,000 until by the end of the 5th year after appointment, it is no longer available.

Where one of these benefits is similar to a benefit extended to the other members of the Exempt Management Group (e.g., vacation), the benefit described herein is granted to the Chief of Police in lieu of, not in addition to, the benefit provided to the other members.

14. DEFERRED COMPENSATION

Employees may elect a monthly payroll deduction in an amount permissible under the City plan to be placed in a deferred compensation program administered at no cost by the City. Such monies deposited would become tax deferred and would be subject to income taxation in the year they are withdrawn from the deferred compensation program. The City will contribute a dollar for dollar match up to a maximum of two thousand dollars (\$2,000) per calendar year for any unit employee who is actively enrolled in the deferred compensation program. The match is subject to IRS regulations and limits.

15. SALARY SETTING FORMAT

The City Manager, at any time, may submit to the Novato City Council recommended salary adjustments to amend the salary schedule, approved changes will become effective the first full pay period following Council's approval.

Merit adjustments may be made by the City Manager according to established City policy. Salary reviews will occur no less frequently than annually on an employee's anniversary date.