

CITY OF DEL MAR MANAGEMENT, PROFESSIONAL AND CONFIDENTIAL EMPLOYEE COMPENSATION PLAN

BENEFITS

Health Plans. The City currently offers employees a variety of healthcare plans through Kaiser and HealthNet insurance providers.

Employees who retire from full-time service with the City of Del Mar will have the opportunity to bear the entire cost of their access to the City's health insurance programs and that continued access to health insurance benefits will require the approval of existing health insurance providers which is believed likely but not guaranteed by the City. In making any amendments to such contracts City shall have the right to agree to those terms and conditions to such amendments, if any, necessary to implement this benefit, so long as any such amendments provide access to health insurance programs as contemplated herein.

In the event the current health insurance providers deny retiree access to health insurance benefits at any time during the term of this Agreement, the City shall have no obligation to contract for additional health insurance programs which provide access to health insurance benefits for retirees. Nothing herein contained is intended to guarantee the availability of any particular health insurance program to be offered to City's employees and retired employees. The retiree health insurance availability is at the sole discretion of the City Manager and can be terminated at any time.

Health Plan Contribution ("Cafeteria Amount").

The City shall contribute a cafeteria benefit allowance to cover costs of the health benefits and dental benefits in accordance with the following:

Coverage	July 1, 2017	July 1, 2018
Employee only	\$936	\$973
Employee + 1	\$1,149	\$1,195
Employee + 2 or more	\$1,222	\$1,271

In the event that the total cost of benefits selected exceeds the allowance, the difference shall be deducted from the employee's salary as a "salary reduction" item; i.e., paid with pre-tax dollars. If the allowance exceeds the total cost of benefits selected, the difference shall be paid to the employee in cash.

Opt Out Provision: Employees who verify proof of coverage by an outside plan may opt out of City coverage and be eligible for the Opt Out Provision of \$400 per month. In the event the Opt Out provision has a negative impact on the City's ability to obtain health coverage due to declining enrollment in the health plans, the City Manager has the authority to terminate the Opt Out provision.

CITY OF DEL MAR MANAGEMENT, PROFESSIONAL AND CONFIDENTIAL EMPLOYEE COMPENSATION PLAN

Public Employees' Retirement System. The City participates in the California Public Employees Retirement System (CalPERS). The City provides the 3% at 60 Retirement Benefit for employees hired on or before July 1, 2012. For employees hired after July 1, 2012, the City provides the 2% at 60 Retirement Benefit for existing CalPERS members. For employees not previously enrolled in CalPERS, the City provides the 2% at 62 Retirement Benefit. Employees are required to pay the “employee share” of the CalPERS contribution by payroll deduction, the amount of which is determined based on the retirement tier for which you are enrolled.

Further, the City agrees to provide the 2% at 50 Retirement Benefit for non-fire Safety employees in the Management, Professional and Confidential employee group. Effective January 1, 2012, employees shall contribute a 6.5% mandatory payroll deduction towards the Employee Contribution; effective January 1, 2013, employees shall contribute 9% of the required Employee Contribution to PERS. Effective January 1, 2012, new employees in the Lifeguard Safety Retirement Plan shall pay the full 9% of the Employee Contribution at time of employment.

Tuition Reimbursement. The City will reimburse employees for expenses of job-related course-work if approved in advance by the City Manager and if the course work is completed with a grade of "C" or better, or other passing score, or for a graduate class with a “B” grade or better. The maximum limit per employee will be \$1,000 each fiscal year, provided funds are available. The procedure for approval is designated in the Personnel Rules and Regulations Section 10.05.

Holiday Leave. The City shall recognize twelve (12) holidays and give an additional two (2) eight-hour floating holidays per calendar year. Professional and Confidential employees working a 9/80 schedule will receive 9 hours for a recognized holiday that is observed on a 9-hour work day and shall receive 8 hours for a recognized holiday that is observed on an 8-hour work day. Upon termination of employment, employees will not be compensated for any unused floating holiday time.

Recognized Holidays. The City shall recognize the following days as official City holidays, employees scheduled to work on these days will be given the day off with pay.

<u>Holiday</u>	<u>Day Observed</u>
New Year's Day	January 1
Martin Luther King Day	3rd Monday in January
Washington's Birthday	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Veteran's Day	November 11
Thanksgiving Day	4th Thursday in November
Day After Thanksgiving	Friday after Thanksgiving
Christmas Eve	December 24
Christmas Day	December 25
New Year's Eve	December 31
Two Eight-Hour Floating Holidays	

CITY OF DEL MAR MANAGEMENT, PROFESSIONAL AND CONFIDENTIAL EMPLOYEE COMPENSATION PLAN

Leave Provisions. Leave provisions in the Personnel Manual apply to Management, Professional and Confidential Employees. Where there are differences between the Personnel Manual and Management, Professional and Confidential Employee Compensation Plan, the Management Compensation Plan prevails.

Personal Leave. Employees may use up to 24-hours of their accrued sick leave on a fiscal year basis for personal leave time.

Sick Leave. Sick leave shall accrue at the rate of (8) hours for each calendar month of service. Upon termination of employment unused sick leave will not be converted to cash. Upon retirement, unused sick leave can be converted to service credit by PERS under the PERS Service Credit for Unused Sick Leave.

Use. Sick leave may be used for personal illness or injury, emergency or routine medical or dental appointments, including pregnancy as provided in the Maternity Leave subsection, and for reasonable travel time to and from health care facilities.

Family Care. Up to twenty-four* hours of sick leave may be used per calendar year to care for members of the employee's immediate family who is ill or injured. Immediate family means: child parent, spouse step-parent, domestic partner and any other family member living in the same household as the employee.

*State law provides that one-half of annual sick leave accrual may be used for dependent care.

Sick Leave Conversion Employees who have a sick leave balance of 120 hours and who use 48 hours or less in a calendar year may convert the difference between 72 hours and the actual hours used from sick leave hours to vacation at a rate of one (1) vacation hour for two (2) sick leave hours. The conversion of sick leave to vacation shall be made during the month of January each year.

Converted vacation hours shall count in an employee's accrued vacation balance when determining the maximum vacation accrual. An employee who reaches the maximum vacation accrual may convert sick leave beyond the maximum vacation accrual for an additional maximum of 36 vacation hours. These hours shall be maintained separately and must be used first, before any other vacation hours. An employee at the maximum vacation accrual limit will no longer accrue additional hours, until the total accrued vacation hours is less than the maximum.

Flexible Spending Accounts. The City will provide a Flexible Spending Account (FSA) in which employees may use pre-tax dollars to pay for child care, or medical or dental related expenses. Program administrative costs will be paid by the Employee.

Long-Term and Short-Term Disability Plan. The City shall make available Long Term and Short Term Disability Insurance Coverage in the amount of approximately 66 2/3% of monthly

CITY OF DEL MAR MANAGEMENT, PROFESSIONAL AND CONFIDENTIAL EMPLOYEE COMPENSATION PLAN

compensation for each employee. The City shall pay the costs of the LTD and STD programs.

Life Insurance. The City shall provide group life insurance for each employee in an amount equivalent to one times annual salary, not to exceed \$50,000. Supplemental life insurance is available at the employee's expense.

Vacation Accruals. Paid vacation shall be accrued on an hourly basis as follows:

<u>Years of Service</u>	<u>Accrual Rate</u>
0-3 Completion Years	10 days/yr or 3.08 hrs/pp
4-10 Completion Years	15 days/yr or 4.62 hrs/pp
11+ Years	20 days/yr or 6.15 hrs/pp

Vacation. Vacation may be taken as it accrues and may accumulate to no more than 380 hours for Professional and Confidential employees or 400 hours for Management - Executive Team Employees, at any given point in time. Management, Professional, and Confidential employees shall be allowed to accrue over 400 hours of vacation time, until June 30 of each year, at which time all vacation time over 400 hours will be eliminated if not used.

Additionally, Management, Professional, and Confidential employees shall be allowed to convert up to 80 hours of vacation time to cash, such that an employee's vacation balance is not less than 300 hours after conversion. When an employee terminates employment with the City, employees shall be paid at his/her base hourly rate for any hours remaining on record for unused, accrued vacation.

Vacation Upon Initial Appointment. To facilitate the hiring of highly qualified applicants, the City Manager has the authority and discretion to set a higher vacation accrual rate and/or to create a vacation bank for Management and Professional employees, up to a 40-hour vacation bank for new hires, as part of an offer of employment. In such case, the City Manager shall document the reasons for the granting of the enhanced benefit. The reasons for granting an enhanced benefit may include but are not limited to: the labor market for the particular position being filled, the applicant's overall qualifications, current salary and benefit package, including current paid leave entitlements the applicant would be giving up by accepting an employment offer.

Management Leave. Management - Executive Team employees shall be credited with 104 hours of management leave accrued on a fiscal year basis on the first full payroll period of July. Such leave must be used during the fiscal year or it is forfeited. Should the terminating employee have a balance of management leave at the time of termination, the employee shall be compensated for that portion of the time at their base hourly rate.

Overtime. Confidential and Professional employees shall be compensated for overtime in the same manner as General employees.

Results Based Pay for Performance.

CITY OF DEL MAR MANAGEMENT, PROFESSIONAL AND CONFIDENTIAL EMPLOYEE COMPENSATION PLAN

The City's Results Based Pay-for-Performance, or PFP, is a system of employee compensation in which pay and rewards are defined by individual performance and City results. The City defines performance standards that are consistent with the organization's strategically defined goals and objectives. Employees are then rewarded for meeting or exceeding these standards.

Program Goal

The goal of the program is to integrate the City's Mission and Vision through the City Council's strategic initiatives by encouraging employees to be innovative, collaborative, identify cost effective solutions to service delivery, and continually exceed customer expectations.

Performance is rated on the following categories:

- I. ***Financial Management:*** Addresses the adequacy of budget management, planning, budget implementation, asset management, and effectiveness implementing cost efficiency measures and revenue generation measures.
- II. ***Operational Effectiveness:*** Addresses the effectiveness of meeting goals and priorities identified by the City Council and City Manager and the effectiveness of providing the day-to-day programs and services provided to the community, which is the fundamental purpose of a city. This section also measures how the employee has established an effective organizational structure, selecting, training and effectively directing competent and capable employees, and competently coordinating and managing staff and working cooperatively with other departments.
- III. ***Customer Service:*** Addresses the employee's ability to work with Department Heads, City Manager, City Council, community and other stakeholders. It measures how well customer service is managed, how responsive his/her department is to customer needs, and whether we are accessible to our customers, and government is transparent.
- IV. ***Management and Leadership:*** Addresses the employee's effectiveness in establishing and maintaining a positive work environment, establishing and managing work and performance standards, employee development, and the employee's knowledge, accuracy, and reliability.

Eligibility

The following classifications are eligible for the PFP program:

Department Heads

Assistant City Manager
Administrative Services Director
Chief Lifeguard/Community Services Director
Finance Director/Treasurer
Planning/Community Develop Director
Public Works Director

Exempt/At-Will Deputy Directors

Deputy Chief Lifeguard/Community Services Director
Principal Planner

CITY OF DEL MAR MANAGEMENT, PROFESSIONAL AND CONFIDENTIAL EMPLOYEE COMPENSATION PLAN

Senior Managers

Deputy Public Works Director
 Environmental Sustainability/Special Projects
 Manager
 Information Technology Manager I/II
 Lifeguard Lieutenant
 Maintenance Superintendent I/II
 Park Ranger
 Parking Enforcement Lieutenant
 Senior Accountant
 Senior Management Analyst

The City Manager may add additional classifications at his/her discretion.

Compensation

The PFP uses financial incentives as part of the total pay package. PFP awards can be any combination of:

- One-time, lump-sum bonuses that are distributed during the year.
- Spot awards, or one-time rewards that provide immediate recognition of exceptional performance.
- Base pay salary increases and/or strategic salary market adjustments.

Performance-based cash monetary bonuses shall be granted at the discretion of the City Manager on the basis of the program criteria. The City Manager’s decision is final and non-grievable.

The City Manager will allocate PFP awards in an amount that is commensurate with the employee’s performance in the categories identified above. All cash monetary bonuses, regardless of amount, are considered income for the employee and taxed accordingly. A Personnel Action Form (PAF) shall be completed for each PFP award.

Below is the timeline for the program:

Timeline	Task
January	Annual Performance Goals established for PFP participants both calendar and fiscal year
	City Manager meets with each Department Head and senior department staff to identify goals for the upcoming fiscal year
	Each Department’s Work Plan is confirmed
November	PFP participants complete a self-evaluation to identify their achievements toward meeting or exceeding the Annual Performance Goals
December – January	PFP participants are evaluated based on the established performance criteria
January	PFP awards are distributed to eligible employees

CITY OF DEL MAR MANAGEMENT, PROFESSIONAL AND CONFIDENTIAL EMPLOYEE COMPENSATION PLAN

The results of individual performance will be reported similar to a performance evaluation. The results will remain confidential between the employee and the City Manager. The City's overall performance and the timely completion of department goals and projects will be used as indicators to measure the success of the program. The administration of this program is based on the City's ability to pay for the program.