

MANAGEMENT COMPENSATION AND BENEFITS PLAN

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SECTION 1: INTRODUCTION

The Management Compensation and Benefits Plan contains three parts: 1) an introduction, 2) an overview of compensation and 3) a description of benefits for management employees.

Definitions

1. Management Employees - Management employees are defined as those employees whose classifications are listed on the Management Salary Structure. Except as to those management employees subject to an applicable law, all management employees are considered “at-will” and have no property rights to their position. At will employment with the City may be terminated at any time by either party, with or without cause, for any reason or no reason whatsoever, and with or without advance notice. At will employees do not have the right to appeal.
2. City Council Appointed Employees - The City Manager and City Attorney are hired by and responsible directly to the City Council. The salaries for these positions shall be set by the City Council. The City Manager and City Attorney will not be subject to the provisions of the Compensation program as outlined in Section 2 of this document. The schedule of management benefits (as outlined in Section 3 of this document) will apply to these positions, except as otherwise provided by the City Council.

SECTION 2: COMPENSATION

Pay Ranges

Each management job classification is assigned to a specific pay range. An employee may be paid anywhere in the pay range associated with their job classification.

Any employee may be advanced in the pay range regardless of the length of time served at the employee’s present pay rate. This advancement requires the written recommendation of the employee’s manager and the approval of the employee’s department head and City Manager (or City Attorney, for management employees in the City Attorney’s Office)¹.

If, as a result of a pay range adjustment, an employee’s base salary falls below the minimum of the pay range, the employee’s salary will be increased to the new range minimum as of the date City Council approves the pay range adjustment.

Periodically the Human Resources Department will bring forth salary range movement recommendations to City Council that are based on market and economic conditions, and may include one or more salary ranges.

¹ Hereafter, all references to the City Manager include, with regard to management employees in the City Attorney’s Office, the City Attorney.

Compensation Adjustments

Effective January 1, 2020, all management employee salaries will be increased by three percent (3%). As a result, all management salary ranges will be adjusted to reflect this increase. An employee's salary may not exceed the maximum of the pay range for their classification.

Survey Market

In keeping with the City Council's philosophy of surveying the total compensation of local agencies, the agencies listed below will be considered in the survey market for management classifications.

- City of Chula Vista
- City of Coronado
- City of Del Mar
- City of El Cajon
- City of Encinitas
- City of Escondido
- City of Imperial Beach
- City of La Mesa
- City of National City
- City of Oceanside
- City of Poway
- City of San Marcos
- City of Solana Beach
- City of San Diego
- City of Santee
- City of Vista
- County of San Diego

In addition to the agencies listed above, the following agencies will be considered in the survey market only for Utilities Director, Utilities Manager and Utilities Supervisor classifications.

- Encina Wastewater Authority
- Helix Water District
- Olivenhain Municipal Water District
- Otay Water District
- Padre Dam Municipal Water District
- Vallecitos Water District
- Vista Irrigation District

The Human Resources Department will compare salary and benefits information on each City of Carlsbad benchmark classification with appropriate classifications in the survey market. Those classifications that are considered benchmarks are those in which there was a substantial match between the competencies and duties required for jobs at the City of Carlsbad and those for jobs in the survey market.

Each City of Carlsbad job classification is assigned to a specific pay range. The non-benchmark positions are assigned to a pay range based on internal relationships, responsibility and/or

knowledge, skills and abilities of jobs. The benchmark salary data will be surveyed regularly and the benchmark comparisons will be modified when the classifications change within the organization.

The City Council delegates to the City Manager the authority to create and change job classifications and assign job classifications to a specific pay range, based on both benchmark salary information and internal relationships within the organization.

SECTION 3: BENEFITS AND OTHER TYPES OF PAY

Life/Accidental Death and Dismemberment (AD&D) Insurance and Voluntary Benefits

All management employees shall receive city-paid life insurance in an amount equal to two times their base salary up to a maximum benefit of \$400,000. To determine benefits, the amount of insurance is rounded to the next higher \$1,000 multiple, unless the amount equals a \$1,000 multiple.

Effective January 1, 2020, all management employees shall receive city paid Accidental Death and Dismemberment (AD&D) insurance in an amount equal to two times their base salary up to a maximum benefit of \$400,000. To determine the benefit, the amount of insurance is rounded to the next higher \$1,000 multiple, unless the amount equals a \$1,000 multiple.

The City provides various voluntary benefits available at the employee's cost. Employees may select among various levels of coverage. For information regarding these benefits, contact the Human Resources Department at 760-602-2440.

Retirement

All management employees shall participate in the California Public Employees' Retirement System (CalPERS). The specific retirement formula applied will be determined based on whether the position is deemed safety or miscellaneous. All positions not deemed eligible for safety retirement will be deemed miscellaneous under the CalPERS system. Optional benefits unique to the City of Carlsbad's contract with CalPERS are outlined in the contract between the city and CalPERS. A copy of this contract is kept on file in the Human Resources Department.

Management employees who are considered fire safety employees are eligible for the same retirement benefit formula and are subject to the same optional retirement benefits described in the City of Carlsbad CalPERS safety contract (and are the same as those provided to employees represented by the Carlsbad Firefighters' Association, Inc.). Unrepresented sworn police management employees are eligible for the same retirement benefit formula and are subject to the same optional retirement benefits described in the City of Carlsbad CalPERS safety contract (and are the same as those provided to employees represented by the Carlsbad Police Officers' Association).

A. The City has contracted with CalPERS for the following retirement benefits:

Miscellaneous "Classic" Members (those that do not qualify as "New Members" as defined below)

- a) Employees entering City of Carlsbad miscellaneous CalPERS membership for the first time prior to November 28, 2011 - The retirement formula shall be 3% @ 60; single highest year final compensation.
- b) Employees entering City of Carlsbad miscellaneous CalPERS membership for the first time on or after November 28, 2011 - The retirement formula shall be 2% @ 60; three year average final compensation.
- c) Employees entering City of Carlsbad safety CalPERS membership for the first time prior to October 4, 2010 - The retirement formula shall be 3% @ 50; single highest year final compensation.
- d) Employees entering City of Carlsbad safety CalPERS membership for the first time on or after October 4, 2010 – The retirement formula shall be 2% @ 50; three year average final compensation.

“New Members”

Employees who are “New Members” as defined by the California Public Employees’ Pension Reform Act of 2013 (PEPRA) (e.g., an employee hired on or after 1/1/2013 who has never been a CalPERS member or member of a reciprocal system or who has had a break in CalPERS service of at least 6 months or more) will be subject to all the applicable PEPRA provisions, which include but are not limited to the following retirement benefits.

- a) Miscellaneous employees - Retirement formula shall be 2% @ 62; three year average final compensation.
- b) Safety employees - Retirement formula shall be 2.7% @ 57; three year average final compensation.

B. Employee Retirement Contribution

The employee retirement contribution will be made on a pre-tax basis by implementing provisions of section 414(h)(2) of the Internal Revenue Code (IRC).

Employees shall make the following employee retirement contributions through payroll deductions:

- miscellaneous employees subject to the 3% @ 60 benefit formula shall pay all of the employee retirement contribution (8%),
- miscellaneous employees subject to the 2% @ 60 benefit formula shall pay all of the employee retirement contribution (7%),
- safety employees subject to the 3% @ 50 or 2% @ 50 benefit formulas shall pay all of the employee retirement contribution (9%), and
- miscellaneous and safety employees who meet the definition of “New Member” under PEPRA shall pay one half of the normal cost rate associated with their benefit plan.

Leave of Absence

Management employees are exempt from overtime requirements under the Fair Labor Standards Act. Management employees in the City are paid on a salary basis versus an hourly basis. Pursuant to FLSA regulation 29 CFR Section 541.5d, the City can make deductions from salary or leave accounts for partial day absences for personal reasons or sickness because the City has a policy and

practice of requiring its employees to be accountable to the public that they have earned their salaries. A partial day absence is an absence of less than the employee's regular work day. Pursuant to FLSA regulation 29 CFR Section 541.118 (a)(2) and (a)(3), the City may make salary or leave reductions based upon full day absences.

Partial day or full day absences shall be first charged against the exempt employee's vacation, sick, or executive leave account. In the event the exempt employee does not have sufficient time in his/her leave account to cover the absence, deductions without pay will be made on full days only.

1. Vacation

a. Vacation Accrual

Every management employee shall accrue vacation leave for each calendar year of actual continuous service dating from the commencement of said service, with such time to be accrued on a daily (calendar day) basis. Vacation leave can be used in 15 minute increments.

All management employees (except Fire Battalion Chiefs) shall earn vacation on the following basis:

- Beginning with the first (1st) working day through the completion of five (5) full calendar years of continuous service - 13 minutes/day.
- Beginning the sixth (6th) year of employment through the completion of ten (10) full calendar years of continuous service - 20 minutes/day.
- Beginning the eleventh (11th) year of employment through the completion of eleven (11) full calendar years of continuous service - 21 minutes/day.
- Beginning the twelfth (12th) year of employment through the completion of twelve (12) full calendar years of continuous service - 22 minutes/day.
- Beginning the thirteenth (13th) year of employment through the completion of thirteen (13) full calendar years of continuous service - 24 minutes/day.
- Beginning the fourteenth (14th) year of employment through the completion of fifteen (15) full calendar years of continuous service - 25 minutes/day.
- Beginning the sixteenth (16th) year of continuous employment, vacation time shall be accrued, and remain at a rate of 26 minutes/day for every full calendar year of continuous employment thereafter.

Management employees with comparable service may be granted credit for such service for the purpose of computing vacation at the discretion of the City Manager. All management employees shall be permitted to earn and accrue up to and including three hundred and twenty (320) hours of vacation, and no employee will be allowed to earn and accrue vacation hours in excess of the three hundred and twenty (320) hour maximum.* The City Manager shall be responsible for the granting of vacation

to all management personnel, except in the case of the City Attorney's Office, where the City Attorney shall be responsible for granting vacation.

* If there are unusual circumstances that would require an employee to exceed the vacation accrual maximum, he/she must submit a request in writing to the Department Head and the City Manager or Designee. The Department Head and the City Manager or Designee may grant such a request if it is in the best interest of the City. Requests will be handled on a case-by-case basis and will be considered only in extreme circumstances.

Fire Battalion Chiefs shall accrue vacation in the same manner and up to the same maximum as Carlsbad Firefighters' Association (CFA) represented employees.

For Fire Safety Management employees who contribute to the post-retirement healthcare trust established by CFA, Inc. and who work a 112 hour/pay period schedule, each year, in the last paycheck in December, all accrued vacation hours over 384 hours will be deposited into the employee's individual post-retirement healthcare trust account.

For Fire Safety Management employees who contribute to the post-retirement healthcare trust established by CFA, Inc. and who work an 80 hour/pay period schedule, each year, in the last paycheck in December, all accrued vacation hours over 256 hours will be deposited into the employee's individual post-retirement healthcare trust account.

b. Vacation Conversion

Employees, except for Fire Safety Management employees who contribute to the post-retirement healthcare trust established by CFA, Inc. are eligible to submit an irrevocable request to elect to cash out up to 80 hours (or up to 112 hours if a Battalion Chief on a 112 hours/pay period schedule) of accrued vacation hours for the following calendar year.

1. All employees wishing to convert accrued vacation to cash in the year following the election will complete a form between November 10 and December 10 of each year. Elections will not carry over from one calendar year to the next calendar year.
2. Only vacation hours accrued during the calendar year following the election may be cashed out. Employees accruing less than the election amount may cash out no more than their total vacation accrual in the following calendar year.
3. The employee's accrued vacation to convert to cash will be credited first to the cash out account with the employee's earned vacation leave until the employee's full election amount is reached. The vacation hours designated to the cash out account will not be credited toward the employee's maximum vacation accrual. During this period of time, no earned vacation leave will be credited to the employee's vacation time off balance.

4. Payment of vacation hours elected for cash out will be in the last paycheck in December unless the employee has accrued all the elected vacation hours by June 30, in which case payment of the all the elected vacation hours may be cashed out in July at the employee's request. All vacation hours will be paid in the calendar year in which the vacation hours accrue. If the employee does not accrue all requested vacation hours in the calendar year, the vacation payment amount will be reduced to the total number of vacation hours the employee actually accrues in the calendar year and the payout will be made no later than the last pay date in the calendar year.
5. The vacation payment amount will be based on the employee's rate of pay at the time of the payout. The vacation payment amount is taxable income, subject to all applicable withholding amounts and payroll deductions.
6. An employee who does not elect to cash out vacation by December 10 waives their right to do so and will not be allowed to cash out any vacation accruing in the following year.

Fire Safety Management employees who contribute to the post-retirement healthcare trust established by CFA, Inc., are eligible to submit an irrevocable request to elect to convert accrued vacation hours for the following calendar year to be deposited into the employee's individual post-retirement healthcare trust account in the same manner established for employees represented by CFA, Inc. There shall be no cash option available to these employees for the conversion of unused accrued vacation hours.

c. Vacation Payout

An employee separating from the City service, except for a Fire Safety Management employee who contributes to the post-retirement healthcare trust established by CFA, Inc., who has a balance of unused accrued vacation leave shall be entitled to be paid for the remainder of their unused accrued vacation leave as of their last day on payroll.

For Fire Safety Management employees who contribute to the post-retirement healthcare trust established by CFA, Inc., upon separation of employment, one hundred percent (100%) of the value of all remaining unused accrued vacation hours shall be converted to the employee's individual account in the Post-Retirement Healthcare Trust and/or a City-sponsored 457 Plan at the base rate of pay in effect at the time of separation from the City. Allocation amounts to either or both the Post-Retirement Healthcare Trust individual account and 457 Plan will be at the employee's discretion and subject to Internal Revenue Service regulations. The employee shall be responsible for ensuring their contributions to a 457 Plan do not exceed the maximum allowed per law. If the amount of terminal vacation pay the employee converts to a 457 Plan causes their 457 contributions to exceed the maximum allowed per the law and those contributions are returned to the City, the City will deposit the amount returned into the employee's individual account in the Post-Retirement Healthcare Trust. There shall be no cash option available to the

employee for the conversion of unused accrued vacation hours at the time of separation. The default will be to convert 100% of the unused vacation hours into the Post-Retirement Healthcare Trust individual account unless the employee designates conversion to the City-sponsored 457 Plan no later than 14 calendar days prior to the employee's last pay date.

2. Executive Leave (E-time)

Effective July 1, 2018, all management personnel shall receive sixty-four (64) hours per fiscal year for executive leave. The sixty-four (64) hours will be credited upon hire or promotion into management and at the beginning of each fiscal year to individual leave balances. This leave must be used within the same fiscal year. The City Manager is authorized to provide ten (10) additional hours of executive leave per year to any management employee who is required to work extended hours due to emergencies such as fires, storms, floods, or other emergencies.

3. Sick Leave

Sick leave can be used in 15 minute increments.

Sixteen (16) minutes of sick leave are accrued per calendar day. Accumulation is unlimited (employees cannot receive payment for unused sick leave). Fire Battalion Chiefs that work a 112 hour/pay period schedule shall accrue sick leave at a rate of 25 minutes per day. A Fire Battalion Chief who changes from a 112 hour/pay period schedule to an 80 hour/pay period schedule as a result of an administrative assignment or an occupational injury assignment (either full or light/modified duty) will continue to accrue at a rate of 25 minutes per day during this assignment.

Any management employee, except a Fire Safety Management employee, who has accrued and maintains a minimum of one hundred (100) hours of sick leave shall be permitted to convert up to twelve (12) days of sick leave and uncompensated sick leave to vacation at a ratio of three (3) sick leave days per one (1) day of vacation. The sick leave conversion option will be provided during the first week of each fiscal year. Conversion can only be made in increments of full day vacation days. Employees will not be allowed to convert sick leave to vacation if such conversion would put them over the vacation accrual maximum.

Fire Safety Management employees shall be eligible for sick leave conversion based on the following guidelines.

For a Fire Safety Management employee on an 80 hour/pay period schedule:
Any employee who has accrued and maintains a minimum of 160 hours of sick leave shall be permitted to convert up to 120 hours of accumulated uncompensated sick leave to either accrued vacation hours or to the employee's post-retirement healthcare trust account at a ratio of 24 hours of sick leave to 8 hours of vacation/contributions to the employee's post-retirement healthcare trust. The sick leave conversion option will be provided during the first week of each fiscal year. Employees will not be allowed to convert sick leave to vacation if such conversion

would put them over the vacation accrual maximum. No cash option will exist for sick leave conversion.

For a Fire Safety Management employee on a 112 hour/pay period schedule:
Any employee who has accrued and maintains a minimum of 240 hours of sick leave shall be permitted to convert up to 288 hours of accumulated uncompensated sick leave to either accrued vacation hours or to the employee's post-retirement healthcare trust account at a ratio of 72 hours of sick leave to 24 hours of vacation/contributions to the employee's post-retirement healthcare trust. The sick leave conversion option will be provided during the first week of each fiscal year. Employees will not be allowed to convert sick leave to vacation if such conversion would put them over the vacation accrual maximum. No cash option will exist for sick leave conversion.

Any permanent employee applying for retirement with the Public Employees' Retirement System may convert accrued and unused sick leave time to extend service time in the system at the ratio of twenty-five (25) days of accrued sick leave to one month of extended service.

4. Bereavement Leave

An employee may use up to an equivalent of three work days of paid leave if required to be absent from duty due to the death of a member of the employee's immediate family. Additional time off may be authorized by the Department Head and charged to accrued vacation or sick leave or, when no accrued leave is available, treated as leave without pay.

The "immediate family" shall be defined in the personnel rules and regulations.

The employee may be required to submit proof of relative's death before final approval of bereavement leave is granted.

5. Leave of Absence Without Pay

a. General Policy

Any employee may be granted a leave of absence without pay pursuant to the approval of his/her Department Head for less than two calendar weeks. If the duration of the leave of absence will be longer, the approval of the City Manager or his/her designee is required.

An employee shall utilize all his/her vacation, e-time and/or sick leave (if applicable) prior to taking an authorized leave of absence without pay.

A leave without pay may be granted for any of the following reasons:

1. Illness or disability.
2. To take a course of study which will increase the employee's usefulness on return to his/her position in the City service.
3. For personal reasons acceptable to the City Manager and Department Head.

b. Authorization Procedure

Requests for leave of absence without pay shall be made in writing and shall state specifically the reason for the request, the date when the leave is desired to begin, the probable date of return, and the agreement to reimburse the City for any benefit premiums paid by the City during the leave of absence. The request shall normally be initiated by the employee, but may be initiated by his/her Department Head, and, if applicable, shall be promptly transmitted to the City Manager or his/her designee for approval. A copy of any approved request for leave of absence without pay with a duration equal to or greater than two calendar weeks shall be delivered promptly to the Directors of Finance and Human Resources.

c. Length of Leave and Extension

A leave of absence without pay may be made for a period not to exceed six months, unless otherwise approved by the City Manager. The procedure for granting extensions shall be the same as that in granting the original leave provided that the request for extension is made no later than fourteen (14) calendar days prior to the expiration of the original leave.

d. Return From Leave

When an employee intends to return from an authorized leave of absence without pay either before or upon the expiration of such leave, he/she shall contact his/her Department Head at least fourteen (14) calendar days prior to the day he/she plans to return. The Department Head shall promptly notify the Human Resources Department of the employee's intention. The employee shall return at a rate of pay not less than the rate at the time the leave of absence began.

e. Insurance Payments and Privileges

An employee on leave without pay may continue his/her City insurance benefits by reimbursing the City for the employee's costs of insurance on a monthly basis during the period of the leave. Failure to reimburse the City for such benefits during the term of a leave of absence will result in the employee's coverage terminating on the first day following the month in which the last payment was received.

Upon the employee's return to paid status, any sums due to the City shall be repaid through payroll deductions. This applies to sums due for insurance as well as other payment plans entered into between the City and the employee (e.g., computer loan).

Upon eligibility for COBRA, the employee will be notified of the opportunity to continue benefit coverage via the COBRA process.

An employee on leave of absence without pay shall not have all of the privileges granted to regular employees (e.g., holiday pay), unless required by law.

6. Pregnancy Disability Leave

Pregnancy Disability Leave shall be authorized and/or administered in accordance with the provisions of State and Federal law. An employee disabled by pregnancy shall be allowed to utilize a combination of accrued sick leave and vacation time and leave without pay to take a leave for a reasonable period of time, not to exceed four months. An employee shall utilize all accrued leave prior to taking leave without pay. Reasonable period of time means that period during which the employee is disabled on account of pregnancy, childbirth, or related conditions.

An employee who plans to take a leave pursuant to this article shall give the City reasonable notice of the date the leave shall commence and the estimated duration of the leave.

7. Family and Medical Leave of Absence (FMLA)

An employee may be granted a FMLA of up to 12 weeks in a 12 month period for one or more of the following reasons:

- for the birth/placement of a child for adoption or foster care,
- to care for an immediate family member with a serious health condition, or
- to take medical leave when the employee is unable to work because of a serious condition.

FMLA may be paid or unpaid and may be granted concurrently and in conjunction with other leave and benefit provisions. Specific details regarding the provisions of this leave are available by contacting the Human Resources Department.

8. Military Leave

Military leave shall be authorized in accordance with the provisions of State and Federal law. The employee must furnish satisfactory proof to his/her Department Head, as far in advance as possible, that he/she must report to military duty.

9. Jury Duty

When called to jury duty, an employee shall be entitled to his/her regular compensation. Employees released early from jury duty shall report to their supervisor for assignment for the duration of the shift. Employees shall be entitled to keep mileage reimbursement paid while on jury duty.

A Department Head may, at his/her sole discretion, contact the court and request an exemption and/or postponement of jury service on behalf of an employee.

Employees released early from jury duty shall report to their supervisor for assignment for the duration of the work day. At the discretion of the supervisor, an employee may be released from reporting back to work if an unreasonable amount of the work day remains in light of travel time to the job site after release.

10. Extended Leave of Absence

Upon completion of 84 consecutive calendar days (12 weeks) of leave of absence (paid or unpaid and except when leave is ordered by the city or when an employee is on an active duty military leave) or completion of a leave of absence related to Section 4850 of the Labor Code, whichever occurs later, an employee will not be eligible for the benefits listed below:

- accrual of sick leave and vacation,
- cell phone allowance,
- car allowance and
- holiday pay for Fire Battalion Chiefs working a 112 hour/pay period schedule.

On the day that the employee returns to work from the extended leave of absence, the employee will resume eligibility for the abovementioned benefits and the employee's vacation anniversary date and seniority (calculation of continuous service with the City) will be adjusted for each calendar day the leave of absence lasted beyond 84 consecutive calendar days or the completion of a leave of absence related to Section 4850 of the Labor Code, whichever was longer.

11. Paid Family Leave

Effective January 1, 2020, per Administrative Order No. 84, all management employees will be eligible for 160 hours per year of paid family leave to care for an immediate family member or bond with a new child.

Separation Compensation

All management employees involuntarily separated from the City service due to budget cutbacks, layoffs, contracting out of service or for other reasons not due to misconduct which would justify involuntary separation shall receive one month's salary computed at the employee's actual salary at the time of separation.

Holidays

All management employees shall be paid holidays in accordance with the schedule of eleven (11) holidays as established by the City Council. The scheduled paid holidays that will be official City holidays shall be as follows:

- | | |
|-------------------------------|---------------------|
| New Year's Day | Columbus Day |
| Martin Luther King's Birthday | Veterans Day |
| Presidents' Day | Thanksgiving Day |
| Memorial Day | Thanksgiving Friday |
| Independence Day | Christmas Day |
| Labor Day | |

Fire Battalion Chiefs are compensated for holidays in the manner outlined below.

- 1) Suppression personnel on an administrative assignment are ineligible for the holiday pay listed above. These personnel will receive straight time pay when they are regularly scheduled to work on the holidays listed above.
- 2) Fire Prevention personnel and personnel on a non-occupational injury light/modified duty assignment will be eligible to have the day off with pay on the holidays listed above.
- 3) Suppression personnel working a 112 hour/pay period schedule and personnel on an occupational injury light/modified duty assignment shall be compensated for an additional twelve (12) hours of holiday pay (using a base salary rate that excludes additional pays) on the day the holiday occurs.

Only employees who are on employed status on their last scheduled work day before a holiday shall be entitled to the paid holiday except where otherwise required by law.

Effective July 1, 2019, all management employees, including Fire Safety Management employees, will receive two floating holidays per fiscal year, each year on July 1st.

The floating holiday may be used at the discretion of the employee with prior approval of the employee's supervisor. The floating holiday must be taken as a full day off. There is no partial day use of a floating holiday. The floating holiday pay is paid at straight time equal to the number of hours in the employee's regular work shift on that day. Unused floating holidays will not carry over to the next fiscal year and will not be paid out upon separation of employment.

Health Benefits

Management employees will participate in a flexible benefits program which includes medical insurance, dental insurance, vision insurance, flexible spending accounts (FSAs) and Accidental Death & Dismemberment insurance (AD&D). Each of these components is outlined below.

1. Medical Insurance

Management employees will be covered by the Public Employees' Medical and Hospital Care Act (PEMHCA) and will be eligible to participate in the California Public Employees' Retirement System (CalPERS) Health Program. The City will pay on behalf of all management employees and their eligible dependents and those retirees mentioned in the section of this document titled, "Health Insurance for Retirees," the minimum amount per month required under Government Code Section 22892 of the PEMHCA for medical insurance through the California Public Employees' Retirement System (CalPERS). If electing to enroll for medical benefits, the employee must select one medical plan from the variety of medical plans offered.

Effective January 1, 2018, the City will contribute the following monthly amounts (called "Benefits Credits") on behalf of each active management employee and eligible dependents toward the payment of 1) medical premiums under the CalPERS Health Program, 2) contributions in the name of the employee to the City's flexible spending account(s), 3) dental premiums 4) vision premiums and/or 5) accidental death and dismemberment (AD&D) premiums:

- (a) For employees with “Employee” coverage, the City shall contribute five hundred seventy-three (\$573) per month that shall include the mandatory payments to CalPERS. If the actual total premiums exceed the City’s total contributions, the employee will pay the difference.
- (b) For employees with “Employee Plus One” coverage, the City shall contribute one thousand one hundred forty-six dollars (\$1,146) per month that shall include the mandatory payments to CalPERS. If the actual total premiums exceed the City’s total contributions, the employee will pay the difference.
- (c) For employees with “Family” coverage, the City shall contribute one thousand five hundred two dollars (\$1,502) per month that shall include the mandatory payments to CalPERS. If the actual total premiums exceed the City’s total contributions, the employee will pay the difference.

Subsequently, effective January 1 of each calendar year, the City monthly Benefits Credits will change for each coverage level. The monthly Benefits Credits will be set to dollar amounts that equate to 80% of the average health (medical, dental and vision) premium for Employee, Employee Plus One and Family coverage levels, rounded to the nearest whole dollar based on the premiums that will take effect on January 1 of the respective calendar year.

Unused Benefits Credits as outlined above will be paid to the employee in cash and reported as taxable income. If the amount contributed by the City (Benefits Credits) exceeds the cost of the medical insurance purchased by the employee, the employee will have the option of using any “excess credits” to purchase dental, vision, or accidental death and dismemberment (AD&D) insurance or to contribute to a healthcare or dependent care flexible spending account (FSA), instead of receiving taxable cash.

All management employees who work three quarter-time or less will receive prorated Benefits Credits.

2. Dental Insurance

Management employees will be eligible to enroll in or waive enrollment in a City-sponsored dental plan at any coverage level.

3. Vision Insurance

Management employees will be eligible to enroll in or waive enrollment in a City-sponsored vision insurance plan at any coverage level.

4. Waiver Provision

Management employees who do not wish to participate in the CalPERS Health Program will have the choice of waiving the City’s medical insurance program, provided they can show that they are covered under another group insurance program.

The dollar amount paid by the City for employees who elect the waiver provision may change in the first pay period of each calendar year. The Benefits Credits associated with waiving medical coverage will be set equal to 50% of the Benefits Credits associated with Employee medical coverage. If this results in a situation where the unused benefit credits associated with any

medical plan exceed the benefit credits associated with waiving medical coverage, the benefit credits associated with waiving medical coverage will be set equal to one dollar (\$1) above the unused benefit credits associated with that medical plan.

Unused Benefits Credits as outlined above will be paid to the employee in cash and reported as taxable income.

Health Insurance for Retirees

Effective January 1, 2001, management employees will be covered by the Public Employees' Medical and Hospital Care Act and will be eligible to participate in the California Public Employees' Retirement System (CalPERS) Health Program. Management employees who retire from the City, either service or disability, shall be eligible to continue their enrollment in the CalPERS Health Program when they retire, provided that the individual is enrolled or eligible to enroll in a CalPERS medical plan at the time of separation from employment and their effective date of retirement is within 120 days of separation. The City will contribute the minimum amount per month required under Government Code Section 22892 of the PEMHCA toward the cost of each retiree's enrollment in the CalPERS Health Program.

Employees who retire from the City, either service or disability, shall be eligible to elect, upon retirement to participate in the City's dental and/or vision insurance programs as a retiree. The cost of such dental and/or vision insurance for the retiree and eligible dependents shall be borne solely by the retiree. An individual who does not choose coverage upon retirement, or who chooses coverage and later drops it is not eligible to return to the City's dental and vision insurance program.

The City will invoice the retiree for his/her monthly premiums for dental and/or vision insurance and the retiree must keep such payments current to ensure continued coverage.

Physical Fitness Reimbursement

All management employees shall be eligible for reimbursement of up to the amount of four hundred fifty dollars (\$450) during each fiscal year for the costs associated with physical fitness.

Each employee claiming reimbursement shall be required to submit original receipts to the Human Resources department for approval and reimbursement.

The physical fitness reimbursement is offered to management employees to promote optimum health. Services include, but are not limited to: health assessment testing and examinations, computerized heart risk profile, complete blood profile, fees paid to physical fitness providers, nutritional assessment and diet program.

Short-Term and Long-Term Disability Insurance

Short-Term Disability

Effective January 1, 2020, short-term disability insurance is available for all management employees and the insurance premium is paid by the city. The insurance shall provide for a seven (7) calendar day waiting period prior to payment eligibility and the short-term disability benefits

shall be provided at 60% of the employee's pre-disability base salary, up to a maximum base salary of \$150,000.

Long-Term Disability

Long-term disability is available for all management employees and the insurance premium is paid by the city. Effective January 1, 2020, the waiting period prior to payment eligibility shall be ninety (90) calendar days and the long-term disability benefits shall be provided at 66 2/3% of the employee's pre-disability base salary, up to a maximum base salary of \$150,000.

Use of Accrued Paid Time Off While Receiving Disability Benefits

The employee shall use their accrued paid time off (e.g., vacation, sick leave) during the disability insurance waiting period. The employee shall combine accrued paid time off, except for accrued sick leave, with short-term and long-term disability payments for the purpose of achieving the equivalent of their base salary while receiving the disability payments.

Transition/Continuation of Benefits for Employees on a Short-Term or Long-Term Disability Leave of Absence as of December 31, 2019

An employee who is on a short-term or long-term disability leave of absence as of December 31, 2019 (including an intermittent leave), will be converted to short-term and/or long-term coverage with the city's new disability insurance provider as of January 1, 2020 without having to repeat the waiting period.

Deferred Compensation

The City shall provide deferred compensation plan(s) which may be utilized by any management employee. The City reserves the right to accept or reject any particular plan and to impose specific conditions upon the use of any plan. It is acknowledged that the City will assist in the administration of this benefit but that the City has no liability if an employee should default on the repayment of such a loan.

Drug and Alcohol Policy

It is the policy of the City of Carlsbad to provide a work environment free from the effects of drugs and alcohol consistent with the directives of the Drug Free Workplace Act.

The City provides a voluntary Employee Assistance Program (EAP) to assist employees who seek help for substance abuse or other personal problems affecting work or family life. This program is available to employees and their family members and offers 24-hour access to confidential professional EAP assistance for emergency or urgent situations. For more specific information, contact the Human Resources Department or visit the City's intranet site.

Uniform Reimbursement & Reporting the Value of Uniforms to CalPERS

Reimbursement to the Police Chief and Assistant Police Chief for the cost of purchasing and maintenance of required uniforms shall be \$34.62 per pay period.

Effective May 31, 2010, all fire management employees who are required to wear City-provided uniforms will have the amount of \$17.31 reported to CalPERS bi-weekly as special compensation related to the monetary value of the required uniforms, excluding boots.

Under PEPRRA, this benefit is not reported to CalPERS as special compensation for new members.

Fire Safety Management

1. Post-Retirement Healthcare Trust

Employees promoted into a fire safety management classification from a position represented by CFA, Inc. after the establishment of the post-retirement healthcare trust by CFA, Inc. shall contribute into the post-retirement healthcare trust established by CFA, Inc. via payroll deductions until participation by CFA, Inc., in this type of trust is terminated. The employee contribution amount shall be equal to the amount established for employees represented by CFA, Inc. In addition, the city will make monthly contributions per fire safety management employee who is contributing to the trust. The city contribution amount will be equal to the amount established for employees represented by CFA, Inc. The City has no administrative responsibilities or liabilities related to this benefit, other than processing of payroll contributions as described above.

2. Overtime

The classifications of Fire Chief, Fire Division Chief, Fire Battalion Chief and Fire Marshal are exempt from overtime requirements under FLSA. However, Fire Battalion Chiefs are paid at their base hourly rate of pay, which is derived by dividing the Fire Battalion Chief's weekly salary by 40 hours for an employee on an 80 hour/pay period schedule and 56 hours for an employee on a 112 hour/pay period schedule, for the actual hours the Fire Battalion Chief spends covering for a Battalion Chief who is on a leave of absence or deployed and when they are directed to attend a mandatory training class or meeting associated with the rank of Battalion Chief on a non-scheduled work day.

Employees in the classification of Fire Chief, Assistant Fire Chief, Fire Division Chief and Fire Marshal who are assigned to a mutual aid incident (not automatic aid) are compensated for regularly scheduled hours. In addition, the employee will be paid at their base hourly rate of pay, which is derived by dividing their weekly salary by 40 hours for all hours, beginning at the time of dispatch until return to jurisdiction (portal to portal). Employees in the classification of Fire Battalion Chief who are assigned to the emergency location are paid at a rate of 1.5 their base hourly rate of pay, which is derived by dividing their base weekly rate by 40 hours, for hours worked in excess of their normally scheduled work shift beginning at the time of dispatch to the return to jurisdiction (portal to portal).

3. Fire Battalion Chief Administrative Assignments

While a Fire Battalion Chief is on an administrative assignment, the employee's hourly rate will be converted from a 112 hour/pay period schedule rate to an 80 hour/pay period schedule rate. While appointed or assigned to an administrative position (80 hour/pay period schedule), the employee shall receive an additional 15 percent (15%) above their base hourly pay rate.

A Fire Battalion Chief who is assigned to an 80 hour/pay period schedule administrative assignment will not be available to work shift overtime on days they are assigned to an administrative assignment unless authorized by the Fire Chief or his/her designee. Employees are authorized to work suppression overtime during hours they are not assigned to administration.

A Fire Battalion Chief working an 80 hour/pay period schedule who works a suppression overtime shift, not including overhead assignments, will have their pay rate converted to the 112 hour/pay period rate while working on the suppression overtime shift. This rate shall not include the 15% administrative assignment pay.

4. Moving Between an 80 Hour/Pay Period Work Schedule and a 112 Hour/Pay Period Work Schedule

When a Fire Battalion Chief changes from a 112 hour/pay period schedule to an 80 hour/pay period schedule, the employee's vacation balance (number of hours of accrued and unused vacation) is divided by 1.4 so that the dollar value of the employee's vacation balance at the time of the change remains the same.

When a Fire Battalion Chief changes from an 80 hour/pay period schedule to a 112 hour/pay period schedule, the employee's vacation balance (number of hours of accrued and unused vacation) is multiplied by 1.4 so that the dollar value of the employee's vacation balance at the time of the change remains the same.

5. The city will comply with the Firefighter Bill of Rights Procedures for those Fire Management employees who are afforded rights pursuant to Government Code Section 3254.5 of the California Firefighter Procedural Bill of Rights Act (FBOR).
6. Employees in the classifications of Fire Battalion Chief and Fire Marshal shall be eligible for COVID-19 Emergency Responder Leave as outlined in the side letter agreement between the CFA and the City of Carlsbad relating to COVID-19 Emergency Responder Leave.

Special Assignment and Temporary Upgrade Pay

Whenever the needs of the City require an employee to temporarily perform the duties of a job classification that has a higher pay range than the pay range associated with their current job classification for a period of more than twenty-one (21) calendar days, the employee shall be designated as being in a special assignment and receive additional temporary upgrade pay. In such cases, the employee shall be paid at an appropriate level which will assure an increase of not less than five percent (5%) greater than his/her current salary. Subsequent to designation in a special assignment, in the event that the situation changes and the City does not need the employee to serve in the assignment for at least twenty-one (21) consecutive calendar days, the employee shall receive the temporary upgrade pay for that period of time the assignment lasts. In the event that at the beginning of a special assignment, it is not perceived that the assignment will last at least twenty-one (21) consecutive calendar days, and the assignment nonetheless extends beyond twenty-one (21) consecutive calendar days, the employee in the assignment shall receive the temporary upgrade pay retroactive to the first day of the acting assignment.

No employee shall be required to perform any of the duties of a higher classification unless that employee is deemed to possess the minimum qualifications of the higher classification by the Human Resources Director as recommended by the affected Department Head. Exceptions to the minimum qualifications criteria may be recommended by the affected Department Head on a case by case basis. If the employee does not meet the minimum qualifications for the higher classification he/she shall receive not less than 2.5% temporary upgrade pay.

The temporary upgrade pay shall commence on the first (1st) calendar day of the special assignment. The recommendation that an employee be placed in a special assignment shall be put in writing by the affected Department Head and submitted to the Human Resources Director for approval. The employee shall not serve for more than one hundred and eighty (180) calendar days in a special assignment unless approved by the City Manager or his/her designee.

If an employee is on a leave of absence (paid or unpaid and except when leave is ordered by the city) for more than twenty-one (21) calendar days, the temporary upgrade pay associated with their special assignment shall cease on the twenty-second (22nd) day. On the day that the employee returns to work, if the supervisor determines that the employee is required to continue to perform the duties of the special assignment, the temporary upgrade pay will resume as of the day the employee returns to work.

A person in a special assignment shall be eligible to receive pay increases in his/her regular position during the special assignment. The Human Resources Director shall obtain the employee's consent for the special assignment prior to the employee's assuming or continuing the duties and additional compensation, which shall clearly state that it is understood that a reduction in salary will occur due to cessation of the temporary upgrade pay upon the expiration of the need for the special assignment.

Educational Incentive

Effective January 1, 2019, employees in the classifications of Police Chief and Assistant Police Chief who present proof to the Professional Standards Division Sergeant, Carlsbad Police Department, of evidence of the award of a Management certificate issued by the State of California Commission on Peace Officer Standards and Training (POST) will be eligible to receive educational incentive pay in the amount of four hundred sixty-two dollars (\$462) biweekly. Eligibility for receiving the compensation will be based upon the date the employee provides evidence of eligibility to the Professional Standards Division Sergeant. It is the sole responsibility of the employee to make notification of eligibility for the educational incentive pay.