

MEMORANDUM OF UNDERSTANDING
between the
City of Monterey
and the
Management Employees' Association

July 1, 2005 through June 30, 2011
(Amended November 4, 2007)

This Memorandum of Understanding (MOU) is entered into pursuant to the Meyers-Milias-Brown Act (Government Code Sections 3500-3510) and the Employer-Employee Relations Resolution of the City of Monterey and is made by and between authorized representatives of the City of Monterey (hereinafter referred to as "City"), and the Management Employees' Association (hereinafter referred to as "Association").

Section 1 Implementation

This Memorandum of Understanding constitutes a mutual recommendation to be jointly submitted to the City Council. It is agreed that this Memorandum of Understanding shall not be binding upon the parties either in whole or in part unless and until ratified by the Association's membership, and by the City Council by a four-fifths vote.

Section 2 Term and Effect of Memorandum of Understanding

This Memorandum of Understanding shall become effective on July 1, 2005 and shall remain in full force and effect through June 30, 2011, and it is understood and agreed that the terms, conditions, wages, and all provisions of this Memorandum of Understanding shall continue in effect until a new Memorandum of Understanding is negotiated and subsequently ratified by the Association and the City Council, or until this Memorandum of Understanding is superseded in accordance with City Code Section 25-16.12 (e).

Section 3 Salary

During the term of this agreement, base salary shall be increased in accordance with the following schedule for those employees covered by this agreement.

January 1, 2006:	3.0%
January 1, 2007:	3.0%
July 1, 2007:	3.0%
<i>July 1, 2008:</i>	<i>3.0%</i>
<i>July 1, 2009:</i>	<i>3.0%</i>
<i>July 1, 2010:</i>	<i>3.0%</i>

Section 4 Deferred Compensation - Match Program

The City will continue to match up to \$25.00 per pay period (\$50.00 per month) of an employee's contribution to a City authorized Deferred Compensation Plan authorized under Internal Revenue Code Section 457.

Effective the first pay period following Council ratification of the *original* agreement, the City will match up to \$30.00 per pay period (\$60.00 per month) of an employee's contribution to a City Authorized Deferred Compensation Plan.

Section 5 Retirement Health Savings Plan

The "Retirement Health Savings Plan" is an employer-sponsored health benefit savings program that allows employees to contribute and accumulate assets to pay for medical premiums and allowable health expenses at retirement (or upon meeting eligibility criteria) on a tax-free basis. It is the City's intent to implement The "Retirement Health Savings Plan" that has the following components:

- Eligibility: Employee must retire or separate from City service and have reached a minimum of age 50. Under certain circumstances the age requirement may be waived if the employee qualifies as disabled from work under the PERS retirement plan, the City's Short-Term/Long-Term Disability Income Protection Plan or under Workers' Compensation.
- Contributions:
1. An employee may make a one-time irrevocable election to have an on-going pre-tax salary deduction of 1 – 20% (whole percentages) of the employee's base rate of pay and,
 2. An employee may also elect on an annual basis, in a year preceding retirement or separation, to make an irrevocable pre-tax deduction up to 100% (whole percentages) of his/her accrued vacation, holiday and CTO separation payoffs.

Contributions into the Retirement Health Savings Plan are voluntary, and are made only by the employee; there are no employer contributions. The employee will pay all administrative fees. The employee will be allowed to make his/her irrevocable election within 30 days of hire as a full-time employee, and/or during the City's annual open enrollment period.

If a participating employee dies without designating a beneficiary, the distribution of any assets contained in the employee's account shall be distributed equally among City-wide participants in the plan.

The above descriptions are not intended to supersede current Internal Revenue Service regulations or how these regulations may change from time to time. These Internal Revenue Service regulations may affect the City's ability to provide this program. The descriptions are for informational purposes only.

Section 6 Total Compensation

This is not a total compensation agreement. The City and the Association agree that the principles of total compensation as traditionally practiced in prior agreements do not apply to this agreement. All adjustments to salary and benefits during the term of this agreement shall only be as set forth herein.

Section 7 Management Compensation Pay

Due to the unique aspects of their normal job duties, members of the Management Employees Association (MEA) shall receive Management Compensation Pay in lieu of paid Management Leave in the amount of 1.92% of the employee's base salary. This will be administered in accordance with the definition of Management Compensation Pay in the City of Monterey Personnel Rules and Regulations (Chapter 25 of the Monterey City Code).

Section 8 Longevity Pay

Effective January 1, 2008, the following longevity pays will be provided:

For those with at least twenty (20) years of continuous full time City of Monterey service or more, a 5.0% longevity pay will be provided.

For those with at least twenty-five (25) years of continuous full time City of Monterey service or more, an additional 5.0% longevity pay will be provided.

For those with at least thirty (30) years of continuous full time City of Monterey service or more, an additional 5.0% longevity pay will be provided.

Section 9 Premium Pay for the Position of Associate Engineering Surveyor

Persons holding the classification of Associate Engineering Surveyor who possess a valid Engineer in Training (EIT) certificate issued in California, or who possess a valid license as a California Registered Civil Engineer, will be paid a premium pay of 5% over base salary.

Section 10 Vacation Leave

Vacation leave shall continue to be accrued and subject to the rules and regulations which existed at the time of application.

Effective January 1, 2006, employees with more than 20 years of service shall accrue annual vacation leave at the rate of 23 days per year (184 hours per year).

Section 11 Management Leave

Effective on the first day of the pay period following Council ratification of this agreement, employees shall be provided with 20 hours of "use it or lose it" management leave. These 20 hours, if not used by December 31, 2005, will not rollover to the next calendar year, and there shall be no cash value for this management leave time.

Effective January 1, 2006, employees shall be provided with 40 hours of "use it or lose it" management leave at the beginning of each calendar year. Unused time may not rollover to the next year, and there shall be no cash value for management leave time.

For those employees who are new to MEA (for example—promotion from another employee group, or one who is hired to an MEA classification from another agency), the amount of provided management leave in the initial calendar year of appointment shall be prorated based on the following schedule according to hire date:

If hired January 1 to March 31	40 hours of Management Leave
If hired April 1 to June 30	30 hours of Management Leave
If hired July 1 to September 30	20 hours of Management Leave
If hired October 1 to November 30	10 hours of Management Leave
If hired December 1 to December 31	0 hours of Management Leave

Section 12 Sick Leave

Sick leave shall continue to be accrued and subject to the rules and regulations which existed at the time of application.

In compliance with State law, an employee may utilize half (48 hours) of their annually accrued sick leave for a family illness. For purposes of this section, the current City definition of family as found in the Personnel Rules and Regulations Section on Family Sick Leave (Monterey City Code Section 25.12.02d) shall

apply .

Personnel Rules Section 25-12.02 (e) addresses Family Member Critical Illness leave, authorizing the use of up to 32 hours of accrued sick leave per calendar year to visit or care for a critically ill family member. This MOU section authorizes an employee to use up to 40 hours (increased from the 32 hours referenced in 25-12.02 (e)) of accrued sick leave per calendar year to visit or care for a critically ill family member.

Up to twenty-four (24) hours of accrued sick leave may be taken as Personal Leave during the calendar year so long as the employee has a minimum of 160 hours of accrued sick leave on the books at the time the Personal Leave is taken. Approval for the use of Personal Leave shall otherwise be subject to the same use rules as vacation.

Section 13 Insurance Plan

The following is a brief summary of insurance benefits. To the extent that the insurance programs detailed below continue to be available, the City will continue to offer these programs. Employees should refer to the plan documents for a complete description of benefits, coverage and limitations. If, during the term of this agreement, a change in insurance plans or coverage is necessary, the City shall provide notice thirty (30) days in advance, and, upon request, meet with representatives of the Association. The City contribution towards the Insurance Plan premium (s) is defined in Section 13.5A.

13.1 Dental/Orthodontia Insurance

The City shall provide an annual maximum of \$2,500 dental coverage per covered individual (employee and dependents). Dental sealant is included as part of this basic coverage. Lifetime maximum orthodontia coverage of \$3,000 shall be provided for each individual covered by this plan (employee and dependents).

Commencing with plan year 2006, the City will afford eligible employee dependents the opportunity to participate in an open enrollment every three years.

13.2 Vision Care

The City will continue to provide vision care coverage for employees and dependents. The plan will provide for a fully covered Preferred Provider exam and up to \$105 every 12 months toward the purchase of contact lenses. The employee will pay any difference between the \$105 and the actual cost of the contact lenses if the cost exceeds the \$105.

13.3 Life Insurance

The City will provide a basic \$50,000 Term Life Insurance and Accidental Death And Dismemberment Policy for each employee covered by this agreement.

Additional Term Life Insurance (supplemental) may be purchased by each employee through payroll deductions in increments of \$10,000 up to a maximum of at least \$50,000, subject to the conditions of the life insurance carrier. In accordance with IRS regulations, only premiums for up to \$50,000 of combined basic and supplemental coverage may be paid on a pre-tax basis. The purchase of additional insurance shall be in accordance with payroll deduction procedures established by the Finance Director and the underwriting requirements of the insurance carrier.

13.4 Major Medical Insurance

The provisions of this agreement require participation by the Association in the Public Employees Medical and Hospital Care Act (PEMHCA).

13.5 Insurance Plan Contributions

A. Non-elective Contributions/Premiums

During the term of the contract, the City contribution to insurance coverages will be as outlined below. Employees shall not have the option of using these contributions for any other purpose. During the term of the contract, should the dental (employee only premium), vision and/or basic life non-elective contributions/premiums increase, the City will pay these increases. Should, during the term of this agreement, the non-elective contributions/premiums for dental (employee only premium), vision, and/or basic life decrease, the City shall retain the savings from the decrease. The non-elective contribution/premium toward the medical will remain at \$48.40 per month per employee through December 2005.

<u>Plan</u>	<u>Amount</u>
1. Medical	Applied toward premium - \$48.40/mo/employee
2. Dental	Cost of premium for employee only
3. Vision	Cost of premium for employee & dependents
4. Life	Cost of basic policy

Effective January 1, 2006, the non-elective contribution/premium paid by the City toward medical will increase to \$64.60 per month per employee.

Effective January 1, 2007, and in accordance with State law, the City will contribute \$80.80 per month per employee who elects PEMHCA medical insurance coverage.

Effective January 1, 2008, and in accordance with State law, the City will contribute \$97.00 per month per employee who elects PEMHCA medical insurance coverage.

Effective January 1, 2009, and in accordance with State Law, the non-elective contribution/premium paid by the City toward the medical for active employees shall be adjusted annually by the PERS board to reflect any change to the medical care component of the Consumer Price Index and shall be rounded to the nearest dollar.

B. Elective Contributions/HPSE

The City will contribute a monthly sum to the employee's Health Plan Spending Fund (HPSF) in the tiered amounts based on the employee's participation in PEMHCA shown below.

1. Employee opts out of City Medical Plan	\$548.00
2. PEMHCA Medical—Employee Only	\$595.00
3. PEMHCA Medical—Employee Plus One	\$695.00
4. PEMHCA Medical—Employee Plus Two	\$787.00

Effective January 1, 2006, the HPSF contributions will be as follows, based on the employee's participation status in PEMHCA:

1. Employee opts out of City Medical Plan	\$548.00
2. PEMHCA Medical—Employee Only	\$595.00
3. PEMHCA Medical—Employee Plus One	\$751.00
4. PEMHCA Medical—Employee Plus Two	\$865.00

Effective January 1, 2007, the HPSF contributions will be as follows, based on the

employee's participation status in PEMHCA:

1. Employee opts out of City Medical Plan \$548.00
2. PEMHCA Medical—Employee Only \$595.00
3. PEMHCA Medical—Employee Plus One \$814.00
4. PEMHCA Medical—Employee Plus Two \$952.00

Effective January 1, 2008, the HPSF contributions will be as follows, based on the employee's participation status in PEMHCA:

1. Employee opts out of City Medical Plan \$548.00
2. PEMHCA Medical—Employee Only \$595.00
3. PEMHCA Medical—Employee Plus One \$884.00
4. PEMHCA Medical—Employee Plus Two \$1048.00

Effective January 1, 2009, the HPSF contributions will be as follows, based on the employee's participation status in PEMHCA:

1. *Employee opts out of City Medical Plan \$548.00*
2. *PEMHCA Medical—Employee Only \$595.00*
3. *PEMHCA Medical—Employee Plus One \$975.00*
4. *PEMHCA Medical—Employee Plus Two \$1175.00*

Effective January 1, 2010, the HPSF contributions will be as follows, based on the employee's participation status in PEMHCA:

1. *Employee opts out of City Medical Plan \$550.00*
2. *PEMHCA Medical—Employee Only \$600.00*
3. *PEMHCA Medical—Employee Plus One \$1100.00*
4. *PEMHCA Medical—Employee Plus Two \$1300.00*

Effective January 1, 2011, the HPSF contributions will be as follows, based on the employee's participation status in PEMHCA:

1. *Employee opts out of City Medical Plan \$550.00*
2. *PEMHCA Medical—Employee Only \$650.00*
3. *PEMHCA Medical—Employee Plus One \$1245.00*
4. *PEMHCA Medical—Employee Plus Two \$1460.00*

The amounts above may be applied to the following:

1. Medical coverage for employees and their dependents under PEMHCA;
2. Dependent dental coverage;
3. To make contributions toward dependent care as described in Section 15 of this agreement;
4. To make contributions toward flexible spending as described in Section 15 of this agreement; and/or
5. To take any unused cash value after selecting from the above options as taxable cash-in-lieu.

Not to be confused with the non-elective contributions contained in Section 13.5A, any increases in PEMHCA rates will be paid by the employee through cash-in-lieu and/or salary deduction. Decreases in PEMHCA rates will remain in cash-in-lieu.

Section 14 Retirement

The City will continue to provide the 2% @ 55 Public Employee's Retirement System (PERS) Miscellaneous Members Retirement for each employee covered by this agreement. The City's contract with PERS for the 2% @ 55 plan contains the following plan amendments:

1. Highest twelve (12) consecutive months for purposes of determining final compensation (Section 20042).
2. Sick leave credit/conversion to service time (Section 20965).
3. 1959 Survivor Benefit Level 4 (Section 21574) .
4. Exclusion of hourly rated employees.
5. Military Service Credit (Section 21024).

The City shall make the employer contribution for each employee. Additionally, during the term of this agreement, the City shall pay for any increase in the employer rate and shall retain any savings from a decrease in the employer rate and/or contribution credits (rebates) from PERS.

The employee will pay his/her own member contribution to PERS, with the State and Federal income tax on the member contribution deferred to the extent allowed by Internal Revenue Code 26 USC Section 414 (h) (2).

Effective as soon as the City moves to the 2.7% at 55 PERS retirement plan, as described below, the employee's contribution shall change to 8%. This new contribution percentage shall remain pretax as described in the above paragraph.

During any period PERS designates the City of Monterey as a Super Funded Agency for purposes of defining the City's actuarial obligations to PERS, the Employee Contribution Rate to PERS will be reduced by 2.5%.

The employer's cost for the 1959 Survivor Benefit Level 4 (Section 21574) will be paid by the employees through payroll deduction.

Effective as soon as practical, the City will provide the 2.7% at 55 PERS retirement plan for each employee covered by this agreement.

Section 15 Integrated Short Term/Long Term Disability Plan

The City shall provide a City-paid combined insured Short Term Disability/ Long Term Disability Plan (STD/LTD). In conjunction with the STD/LTD Plan, the following will apply:

A. Maintenance of Benefits:

The City will continue to provide the employee HPSF, dental, vision, life, Employee Assistance Plan (EAP) and participation in the medical plan for up to a maximum of two (2) years per incident, subject to the following:

1. The person is an active employee; and
2. The employee has at least one full day in a pay status during the month (either City pay or Disability payment).

B. Leave Accrual:

1. If, due to an industrial injury or illness, an employee is in a pay status (either City pay or Disability payment) for the majority of the month, leave accruals (sick leave, vacation, and holidays) shall continue for the first six months of the disability.
2. If, due to a non-industrial injury or illness, an employee receives disability payments for what constitutes the majority of the month, the employee shall not accrue leave.

Section 16 Group Legal Services

Subject to provider limitations, the City will continue to provide a Group Legal Services Plan for employees represented by MEA through an employee-paid premium. Participation in the program shall be voluntary and consistent with the provider's requirements that the potential pool of participants must include a minimum of 200 employees.

Section 17 Section 125 Plan

Employees may elect to participate in three Section 125 programs offered by the City. The available programs are Premium Conversion, Dependent Care, and Flexible Spending Account. Each of these programs will be administered in accordance with the IRS Code. Employees will pay any administration fee for this service through payroll deductions. The Flexible Spending Account carries a maximum participation of \$5,000 per employee, per calendar year.

For purposes of information, the following is a description of premium conversion, dependent coverage and flexible spending account.

<u>Premium Conversion:</u>	Permits payment of health insurance premiums subject to salary deduction with pre-tax income.
<u>Dependent Care:</u>	Permits payment of eligible dependent care expenses (minor and/or adult) with pre-tax income.
<u>Flexible Spending Account:</u>	Permits payment of eligible health care expenses not reimbursed by health insurance with pre-tax income.

The above descriptions are not intended to supersede current Internal Revenue definitions or how these definitions may change from time to time. The descriptions are for informational purposes only.

The City will explore potential IRS enhancements to both types of flexible spending accounts, that specifically could allow a 2 1/2 month "grace period" for expenses to be incurred."

Section 18 Acting Pay

In lieu of the provisions of Section 25-5.11 a.2 of the Monterey City Code, effective with the adoption of this agreement the following will apply:

"Work at a higher level, when assigned, must be performed on a continuous basis for a period in excess of three (3) consecutive work weeks, for employees represented by MEA, in order to be eligible for additional compensation, which will be applied to the excess period of time."

Section 19 Special Assignment Pay

Personnel Rules Section 25-5.12 addresses Special Assignment Pay, with the range for the City Manager or designee to authorize not less than 2.0% and not more than 5.0% in a temporary pay adjustment. This section modifies that range as addressed in Personnel Rules Section 25-5.12 to be not less than 2.0% and not more than 20.0%.

Section 20 One-Time Payment

The City will provide a one-time payment of \$1000.00 (before taxes) to be paid on December 10, 2007 to each MEA-represented employee who was employed with the City on November 6, 2007. This one-time payment shall be applied to the employees' specific FLSA workweek that includes December 10, 2007.

Section 21 Floating Holiday

The Association's holiday schedule shall include one (1) floating holiday per fiscal year, per employee. This floating holiday may be carried over into the following year, but in no case shall an employee be allowed to accrue more than 40 hours of accrued floating holiday time. There shall be no cash value to the accrued floating holiday hours. The scheduling is at the discretion of the employee subject to approval by the department head.

Section 22 Minimum Leave Events

The minimum leave that can be taken by an employee for all leave events shall be fifteen minutes.

Section 23 Management Unpaid Leave

With advance department head approval, an employee may take up to forty (40) hours of management unpaid leave per calendar year. Such leave may be taken in one (1) hour minimum increments. Further, so long as the employee is in a paid status at least half of the month, such unpaid leave shall not result in a loss of benefits or leave accruals.

Section 24 Tuition Reimbursement Program

The Tuition Reimbursement allowance shall be \$1000 per year per employee. The program shall include reimbursement for seminars, conferences and other accredited courses that are job related and for course textbooks.

Section 25 Wellness Program

The Association and the City agree that employee health and fitness are important factors in maintaining an optimal work environment. In addition to the existing Employee Assistance Program, employees may receive passes to the Monterey Sports Center according to the following policy.

Upon completion of the prescribed physical exam or fitness consultation, employees shall receive annual, renewable and nontransferable employee-only passes to the Monterey Sports Center in order to implement their personal fitness programs. These passes shall be subject to renewal by the City in accordance with a medical examination or fitness consultation schedule based on the employee's age and may be discontinued on an individual basis for failure to comply with the program procedures or upon separation from City employment.

Employees may apply the dollar value of the employee-only pass to the Monterey Sports Center towards the purchase of a family pass to this facility. The employee shall be responsible for the cost differential

between the credit value of the employee-only pass and the family pass. Every twelve (12) months from the date of the purchase of the family pass, the employee shall be afforded the opportunity to make an election to continue crediting the value of the employee-only pass towards the family pass which shall be irrevocable for the next twelve (12) months.

Employees electing to receive a family pass under this program shall have a payroll deduction for the cost of maintaining the family pass active from month to month based on the difference between the cost of the family pass and the employee-only pass. Upon separation from the City, the family pass shall be cancelled unless the separated employee elects to maintain the pass under the same conditions available to the general public.

Section 26 Employee Parking

The parties acknowledge that the City has not provided free parking for all on duty personnel.

Section 27 Alternate Staffing

The City will provide an Alternate Staffing Program, as described in Attachment A of this MOU, for the City's professional engineering classes. This program is limited to classifications in the Public Works Department.

Eligible classifications under this section are Associate Civil Engineer, Assistant Civil Engineer, Junior Civil Engineer, Field Engineer, Associate Engineering Surveyor, and Assistant Engineering Surveyor. In the event of the creation of future professional engineer classifications or successor classifications, these new positions will be evaluated for inclusion in alternate staffing by the meet and confer process.

Section 28 Provisions of Law

This Agreement is subject to all current and future applicable federal and state laws and regulations. If any part or provision of this Agreement is in conflict or inconsistent with such applicable laws or regulation, or is otherwise held to be invalid or unenforceable by any tribunal of competent jurisdiction, such part or provision shall be suspended and superseded by such applicable law or regulation and the remainder of this Agreement shall not be affected thereby.

Section 29 Full Understanding, Modification and Waiver

This Agreement sets forth the full and entire understanding of the parties regarding the matters set forth herein, and any other prior or existing understanding or agreements by the parties, whether formal or informal, regarding any such matters contained herein are hereby superseded or terminated in their entirety. No other understandings or agreements are encompassed in this Agreement. Existing benefits not changed herein shall remain in full force.

Except as specifically provided herein, it is agreed and understood that each party hereto voluntarily and unqualifiedly waives its right, and agrees that the other shall not be required to negotiate with respect to any subject or matter covered herein or with respect to any other matters within the scope of representation during the term of this agreement.

No agreement, alteration, understanding, variation, waiver or modification of any of the terms or provisions contained herein shall in any manner be binding upon the parties hereto unless made and executed by all parties.

In the event any new practice, subject or matter arises during the term of this Agreement that is within the scope of meet and confer, and an action is proposed by the City, the Association shall be afforded all possible advance notice and shall have the right to meet and confer upon request. In the absence of an agreement on such a proposed action, the City reserves the right to take necessary action by management direction.

Nothing herein shall limit the authority of the City to make necessary and reasonable changes during emergencies. Emergency shall mean the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the City caused by such conditions as air pollution, fire, flood, storm, epidemic, riot or earthquake, or other conditions, including conditions resulting from war or imminent threat of war. However, the City shall notify the Association of such changes as soon as practicable. Such emergency assignments shall not extend beyond the period of the emergency.

The waiver of any breach, term or condition of this Memorandum of Understanding by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

* * * *

(See next page for signatures.)

The parties hereto have caused their duly authorized representatives to execute this Memorandum of Understanding the day, month and year noted below.

CITY OF MONTEREY

MANAGEMENT EMPLOYEES' ASSOCIATION

Dated: _____

Dated: _____

Fred Meurer, City Manager

Tom Reeves, City Engineer
Lead Spokesperson

Ralph Bailey, Human Resources Director
Co- Spokesperson

Wayne Dalton, Parking Superintendent
Negotiation Team Member

Mike McCarthy, Assistant H.R. Director
Co- Spokesperson

Doug Stafford, Parks Superintendent
Negotiation Team Member

Chip Rerig, Senior Planner
Negotiation Team Member

Approved as to Form

Deborah Mall, City Attorney