

MEMORANDUM OF UNDERSTANDING

between

CITY OF SANTA CLARA

and

**CITY OF SANTA CLARA
EMPLOYEES' ASSOCIATION
UNITS 5, 7 & 8**



DECEMBER 17, 2017 – DECEMBER 14, 2019

MEMORANDUM OF UNDERSTANDING
between
CITY OF SANTA CLARA
and
CITY OF SANTA CLARA EMPLOYEES' ASSOCIATION
representing
MANAGEMENT AND CONFIDENTIAL, UNIT #5
CONSTRUCTION TECHNICIAN, UNIT #7
ADMINISTRATION AND CLERICAL, UNIT #8

DECEMBER 17, 2017 – DECEMBER 14, 2019

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DECEMBER 17, 2017 – DECEMBER 14, 2019

In accordance with the provisions of Section 18 of the City of Santa Clara Employer-Employee Relations Resolution #2979, this Memorandum of Understanding was made and entered into by and between the designated representatives of the City of Santa Clara (a public agency as defined in Section 3501 (c) of Chapter 10 of Division 4 of Title I of the Government Code of the State of California), hereinafter referred to as the City, and the designated representatives of the City of Santa Clara Employees' Association, representing Management and Confidential Unit #5, Construction Technician Unit #7, and Administration and Clerical Unit #8, (a recognized employee organization as defined in Section 3501 (b) of Chapter 10 of Division 4 of Title I of the Government Code of the State of California), hereinafter referred to as the Employees Association. This agreement constitutes the results of discussions between the City Management Staff and the Employees Association on all matters within the scope of representation. The term of this agreement shall be from December 17, 2017 through December 14, 2019.

WITNESSETH that:

WHEREAS the parties hereto desire to facilitate the peaceful adjustment of differences that may from time to time arise between them, to promote harmony and efficiency to the end that the City, Employees' Association, and the general public may benefit therefrom, and to establish fair and equitable wages, hours and working conditions for certain hereinafter designated employees of the City,

NOW, therefore, the parties hereto do agree to propose and recommend that the City Council adopt the following, effective as indicated:

1. WAGE ADJUSTMENTS

- A. Effective retroactive with respect to base wages and overtime to December 17, 2017, employees shall receive a 4.0% wage increase. The parties' agreement to make this wage increase applicable to persons that retired/separated prior to the date the City Council approved this MOU is a 1-time exception and does not create any precedent or obligation for the future. Effective the first full pay period of the 12/18 – 12/19 MOU year, employees shall receive a further 4.0% wage increase.
- B. For the duration of this MOU, the provisions specified below in this Section 1(B) are suspended.

On or before September 1, 2000, and September 1, 2002, the City and/or the

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Association may present comparison data between Santa Clara and the cities of Mountain View, Palo Alto, Milpitas, San Jose and Sunnyvale for not more than 35 represented classes in 2000 and fifteen (15) represented classifications in 2002, and no more than 15 every second year thereafter, which the Association believes to be responsible for essentially the same work in the comparison jurisdictions for review by the Parties. The parties will meet to determine if they can agree on what classifications are comparable. If the City and the Association are in agreement that the classifications presented are appropriate for comparison, the City and the Association will determine if the total compensation after five years of service in the Santa Clara classification is more than 2.5% below the average of the classifications presented for review. If there are less than two appropriate comparisons among the jurisdictions listed, no adjustment will be made even though Santa Clara is more than 2.5% below the comparison jurisdiction. However, if there are less than two comparable classes available within the comparison jurisdictions, then either Party may present comparable information from at least two and up to five cities or special districts, including any benchmark agency, within Santa Clara, San Mateo and Alameda counties for consideration.

On or before January 1, 2001 and January 1, 2003 the parties will prepare a list of all Association represented classifications for which the parties have not completely agreed on all comparable classifications. This list shall state each party's determination of comparability, with explanatory data as deemed appropriate. This list shall be presented to Santa Clara County Employee Relations Service (ERS) for determination of comparability. ERS shall limit its determination of comparability to classifications submitted by either party. The determination by ERS shall include the reason(s) in writing for each individual determination. Nothing in this MOU precludes the parties from agreeing on one or more of the classification comparables before the determination by ERS.

Within 30 days of receiving the determination of comparability from ERS, if required, the City will determine if the total compensation after 5 years of service in the Santa Clara class is 2.5% or more below the average total compensation in the comparison jurisdictions. The City will place the Santa Clara class on the current salary range which will bring the total compensation for Santa Clara to equal or above the comparison average, effective the first pay period in 2001 and in 2003.

For purposes of this section of the MOU, total compensation for comparison agencies is defined as salary and fringe benefits which are paid by the agency to the employee or on the employees behalf and which are available to each employee in the classification specified in the survey that are recurring in nature after five years' service in that classification as shown below. For the City of Santa Clara, total compensation shall be defined as those elements listed in Section I of this MOU.

- C. It is recognized by both parties to this agreement that it is their mutual responsibility to independently verify, to the extent possible, the accuracy of the information upon which total compensation and salary adjustments are

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made. Should it be discovered by either party that adjustment(s) to salary, total compensation and fringe benefits are based on erroneous information or has been erroneously computed, the necessary corrective action will be taken as soon as practical after the discovery and notice of the error has been given. It is the mutual responsibility of both parties to report any suspected error immediately upon discovery to the other party. However, the period for which there will be a right to recover any monies which are either overpaid by the City or underpaid to the employee shall be limited to an adjustment period of up to 90 calendar days from the date the error was first reported to the other party. The corrective action will be taken even in circumstances where the error may bridge successive MOU's, but the recovery will still be limited to amounts owed or owing during the prior 90 calendar days. The ninety (90) calendar-day period will begin upon the date of written notification by personal service upon the other party.

Right of recovery by the City of overpayment shall be limited to recovery over the same time period as the overpayment was made. Said repayment will begin with the next paycheck following final determination of the amount to be repaid. Underpayment to the employee shall be made by the City in a lump sum of the amount owed on the next regular paycheck following final determination of the amount to be paid.

- D. There shall be no employee generated reclassification requests during the term of this MOU. However, the City agrees to discuss a City-wide classification policy during the first year of this MOU.
- E. Prior to MOU negotiations, the City will prepare a total compensation survey by computing the total compensation effective October 1 afforded similarly represented classifications of Combination Inspector in the comparing agencies of the cities of San Jose, Mountain View, Palo Alto, Milpitas and Sunnyvale and obtaining the average total compensation afforded those agencies. The survey methodology shall be as set forth below, with the understanding that, with respect to retiree health, the survey should include for each agency the top amount to which an active employee would be entitled when the employee retired (i.e. if an agency has a years of service requirement or more than one retiree health tier applicable to current employees, then whatever the highest potential amount applicable to any current employee should be used in the survey). The historical definitions of the compensation elements used in the survey follow.

- | | |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Top Step Salary - | Maximum step in the monthly salary range for classification (excluding seniority or longevity steps). |
| 2. Life, Medical, Dental, LTD and other Insurance - | Maximum agency monthly contribution per employee to insurance premiums plus maximum agency monthly contribution to other fringe benefit insurance premiums. |

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- | | |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. Retirement - | Employer contribution to social security plans and blended employer contribution rate to retirement. |
| 4. Holiday Pay - | Number of paid holiday hours allowed by agency per year times the base hourly rate divided by 12. |
| 5. Vacation Pay - | Maximum number of annual paid vacation hours allowed by agency per employee upon completion of five (5) years' service times the base hourly rate divided by 12. |
| 6. Other - | Monthly salary equivalent of or maximum monthly agency contribution to other fringe benefits available to all full-time agency employees. To be eligible for inclusion in comparison data, such benefits of the comparing jurisdiction must be of a recurring nature or become part of their compensation base. This category includes the City's monthly contributions to employees' VEBA accounts. |
| 7. Total Compensation - | The sum of Items 1 through 6 above. |

TABULAR DESCRIPTION OF
ADJUSTMENT OF TOTAL COMPENSATION

For the duration of this MOU, the provisions specified in this TABULAR DESCRIPTION OF ADJUSTMENT OF TOTAL COMPENSATION are suspended.

By September 1, 2000 & September 1, 2002

Association presents total comparison information that shows essential equity in job duties among comparison survey jurisdictions for not more than 35 represented classes in 2000 and not more than 15 represented classifications in 2002. If City and Association are in agreement with comparison equity, City and Association will determine if the Santa Clara classification is 2.5% or more below the survey average for total compensation as provided for in Section 2.I.

First Pay Period of 2001 & 2003

City implements salary increases on the City's "A" Salary Schedule for classifications determined to be 2.5% or more below the survey average in amounts necessary to bring those classifications to equal or above the total compensation survey average on the common salary schedule as provided for in Section IIG I.

2. CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPERS)

The City has contracted with CalPERS to provide employees with the 2.7% at age 55 formula with "highest single year" effective December 17, 2006 for "Classic" or "Legacy" employees as defined by CalPERS and the Public Employees' Pension Reform Act of 2013 (PEPRA) and the 2.0% at 62 with "highest three year average" for "New Members" as defined by CalPERS and PEPRA. Classic/Legacy employees shall continue to pay the employee contribution rate and New Members shall contribute 50% of the "normal cost" of their pension formula as required and defined by CalPERS and PEPRA. The employee's CalPERS retirement contribution will continue to be treated as tax deferred.

If CalPERS should implement a change in its actuarial methodology (i.e. assumed discount rate, smoothing methodology, demographic assumptions, etc.) which change would have a material impact on the City's employer contribution, the City and Employees' Association agree to meet and confer regarding this change and its impacts.

3. HEALTH INSURANCE

If the ACA is repealed or modified in a manner such that the language in the following amended MOU provisions no longer applies and/or the ACA has been repealed or modified such that there no longer is a legal requirement that the City provide health coverage that is "affordable," the parties agree to discuss Section 3 below, including meeting and conferring on any changes necessary to Section 3 to maintain compliance with the law.

A. Health Flex Contribution

Effective January 1, 2018, the City will offer employees a Health Flex Contribution of \$368.93/month to put toward the payment of a City offered health plan. The \$368.93/month applies for 2018, and this amount shall be modified each calendar year using the Rate of Pay Safe Harbor (based on the lowest base pay of any full-time employee covered by this MOU) to ensure the City's offered coverage is "affordable."

Employees who enroll in a City health plan for which the premium amount is more than \$946.86/month shall receive an Additional Health Flex Contribution. The Additional Health Flex Contribution, when added to the Health Flex Contribution described in the prior paragraph and the Regular

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Flex Contribution described herein, shall not exceed \$200 per month over the Kaiser employee only premium amount for the applicable year. (For 2018, this is an additional \$35.57/month to these individuals, since \$200 over the Kaiser employee only amount in 2018 is \$982.43/month.)

Employees may not receive all or any portion of the Health Flex Contribution or Additional Health Flex Contribution as cash or any other taxable benefit, and must apply the Health Flex Contribution to City-offered health benefits. Employees who do not enroll in City-offered health benefits will not receive any of the Health Flex Contributions.

It is understood and agreed that a portion of the Health Flex Contribution described in this subsection is the City's contribution of the statutorily required minimum contribution under the Public Employees Medical and Hospital Care Act (PEMHCA) (e.g. \$133 in 2018), which is the City's designated PEMHCA amount.

B. Regular Flex Contribution

Effective January 1, 2018, the City will provide a Regular Flex Contribution equal to \$946.86/month less the Health Flex Contribution (thus, for 2018, the Regular Flex Contribution will be \$577.93/month).¹ Employees may use the Regular Flex Contribution to pay for health benefits offered under the City's Section 125 plan or may opt to receive any or all of the Regular Flex Contribution as taxable cash. An employee will receive a Regular Flex Contribution whether or not he/she enrolls in City-offered health benefits and notwithstanding the provisions of Section 3.C. below.

For employees who enroll in City health and whose benefits exceed the total of the City's Health Flex and Regular Flex Contributions to them, the balance of the health premium shall be paid by a salary deduction from the pay of the individual employee.

C. Cash In Lieu

Effective January 1, 2018, employees whose regular schedule is at least 30 hours per week, and who choose not to enroll in a City health plan, and meet the requirements set forth below shall receive a Cash in Lieu amount equal to \$946.86/month minus the Regular Flex Contribution (for 2018, the Cash in Lieu amount is \$368.93/month).

¹ An exception is for part time employees that regularly work 20 or more hours per week who shall receive a regular flex contribution which, when added to the applicable health flex contribution, shall equal the same percentage of \$200 over the Kaiser employee only premium amount as their regular schedule compares to a 40 hour per week schedule. For example, for 2018 in which \$200 over the Kaiser employee only premium totals \$982.43/month, a 30 hour per week employee enrolled in City family coverage will receive a total regular flex contribution and health flex contribution equal to 75% of \$982.43, i.e. \$736.82/month. The same pro rata approach to City contributions/obligations shall apply to persons that opt out of enrolling in City health.

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In order to receive Cash in Lieu of health coverage, an employee must sign a form attesting that the employee and the employee's Tax Family have the Alternative Required Coverage for the Opt Out Period.

- Tax Family means all individuals for whom the employee intends to claim a personal exemption deduction for the taxable year or years that begin or end in or with the City's plan year to which the opt out applies.
- Alternative Required Coverage required means minimum essential coverage through another source (other than coverage in the individual market, whether or not obtained through Covered California).
- Opt Out Period means the plan year to which the opt out arrangement applies.

An employee must provide the attestation every plan year at open enrollment or within 30 days after the start of the plan year for each plan year the employee would like to receive cash in lieu.

The Cash in Lieu payment cannot be made and the City will not in fact make payment if the City knows or has reason to know that the employee or a Tax Family member does not have such alternative coverage, or if the conditions in this paragraph are not otherwise satisfied.

An employee who opts out of City-offered health benefits, but cannot provide the attestation, will not receive the Cash in Lieu contribution described in this subsection.

D. FMLA/CFRA Compliance

The City shall comply with the provisions of the Family and Medical Leave Act of 1993 (FMLA) and the California Family Rights Act of 1993 (CFRA).

E. Flexible Spending Account (IRS Section 125 Plan)

The City has established a Flexible Spending Account benefit (IRS Section 125 Plan) for employees, which provides accounts in which employees may contribute pre-tax dollars for dependent care and un-reimbursed medical expenses. This Plan will follow the regulations outlined by the Internal Revenue Service. Detailed information will be available in the Summary Plan Document.

This Plan is voluntary and participating employees will make pre-tax salary reduction elections to fund the plan.

F. Re-Opener

During 2018, the City and the Employees' Association agree to re-open Section 3 as part of a City-wide re-opener regarding the City's contributions to health premiums. The parties agree that there shall not be any adverse monetary impact on Association represented employees as a result of this re-

opener.

4. DENTAL INSURANCE

The City will pay toward dental insurance premiums an amount equal to the lowest cost employee only premium amount among the dental plans offered by the City. All employees are required to enroll in a dental plan.

5. VISION INSURANCE

For persons enrolled in the City's VSP vision plan, the City will pay toward vision insurance premiums an amount equal to the lowest cost employee only vision premium. Participation is voluntary. Employees that do not choose to enroll in a vision plan are not entitled to the benefit of City contributions to vision premiums described in this paragraph.

6. DISABILITY INSURANCE

A. STATE DISABILITY INSURANCE

The City will continue to contract with the State of California Employee Development Department to provide Disability Insurance (SDI) for represented employees. All cost of SDI insurance is to be paid for as a payroll deduction by the individual employee.

B. LONG TERM DISABILITY

The City will continue to pay the cost for all represented employees of a long term disability insurance program. The LTD plan will have a maximum 30 day waiting period and the maximum monthly benefit will include those offsets required by law such as, but not limited to, SDI, retirement, reduced work schedule, worker's compensation, social security, and Railroad retirement.

7. LIFE INSURANCE

The City will pay the required premium for life insurance for all represented employees in the amount of \$15,000.

8. SICK LEAVE/FAMILY SICK LEAVE/PERSONAL LEAVE

A. SICK LEAVE

1) Employees shall accrue ninety-six (96) hours of sick leave per year of regular City employment. Sick leave shall accrue in equal amounts each pay period. As described in the Personnel and Salary Resolution, employees must be in a paid status for 36 hours per bi-weekly pay period in order to accrue sick leave.

2) Use of sick leave will be under the same terms and conditions as are now in place. Personal leave, vacation and CTO may be used to supplement sick leave as available.

B. FAMILY SICK LEAVE

- 1) Not more than forty eight (48) hours of sick leave within one calendar year shall be granted to any employee for the care or attendance upon members of his/her immediate family, unless the use of additional leave is approved by the City Manager or designee. "Immediate family" is defined as spouse, parent, child, sibling, grandparent, grandchild, aunt, uncle, niece, nephew, first cousin, parent by marriage, step-parent, step-child, grandparent by marriage, son-in-law, daughter-in-law, sibling by marriage, foster parent, domestic partner, anyone residing with employee, or anyone dependent on the employee for care.

C. PERSONAL LEAVE

- 1) Each calendar year, an employee with Department Head approval is entitled to use forty (40) hours of accrued sick leave as Personal Leave, provided he/she has sufficient sick leave balance available.
- 2) Personal leave is intended to provide the employee with paid time off to attend to legitimate personal business that may arise from time to time during the year.
- 3) The employee has an obligation to provide as much notice as possible so as to allow for proper scheduling by the department.

The adoption of this program does not modify the existing ability of the employee to exchange up to 96 hours of accrued sick leave for up to 48 hours of vacation, based upon two (2) hours of sick leave for one (1) hour of vacation as provided and defined in the Personnel and Salary Resolution.

9. BEREAVEMENT LEAVE

- A. The City will provide employees with a paid bereavement leave benefit to attend to the customary obligations arising from the death of a member of an employee's immediate family, as defined in this Section. Employees are eligible to receive up to forty (40) hours of bereavement leave in the event of the death of a parent, child, or sibling of the employee, employee's spouse or employee's domestic partner (including, in each case, step, adoptive and in-law), spouse or domestic partner; up to three (3) work days (regardless of shift assigned) of bereavement leave in the event of the death of a grandparent, grandchild, aunt or uncle of the employee, employee's spouse or employee's domestic partner (including, in each case, step, adoptive and in-law); and up to one (1) work day (regardless of shift assigned) of bereavement leave in the event of the death of a great-grandparent, great-grandchild, great-aunt, great-uncle, niece, nephew, or first cousin of the employee, employee's spouse or employee's domestic partner (including, in each case, step, adoptive and in-law).
- B. The bereavement leave benefit is based on each death occurrence.
- C. Up to five (5) work days of additional bereavement leave may be charged to an employee's sick leave balance with City Manager approval.

D. At the request of the City, the employee will provide verification.

10. HOLIDAYS AND AWARDED CTO

A. HOLIDAYS

The City will observe the following thirteen (13) dates (or days) as City Holidays and City offices will be closed in observance of those holidays. Represented employees will be entitled to eight (8) hours of paid time off in observation for each of the holidays listed.

New Year's Day (January 1), Martin Luther King Day (3rd Monday in January), President's Day (3rd Monday in February), Spring Holiday (observed on Good Friday), Memorial Day (last Monday in May), Independence Day (July 4), Labor Day (1st Monday in September), Admission Day (September 9), Columbus Day (2nd Monday in October), Veteran's Day (November 11), Thanksgiving Day (4th Thursday in November), Friday after Thanksgiving, and Christmas Day (December 25). Holidays which fall on a specific date and which fall on Saturday are observed the preceding Friday. Holidays which fall on a specific date and which fall on Sunday are observed the following Monday.

January 1, July 4 and December 25 will be the actual paid holiday for represented employees who are assigned to departments which have 24-hour per day, 7-day per week operations and who customarily work on City Holidays.

Additionally, the City will observe four additional non-permanent paid holidays on 12/26/17, 12/27/17, 12/28/17, 12/29/17, 12/26/18, 12/27/18, 12/28/18 and 12/31/18. These non-permanent paid holidays would be only for these MOU years, and this provision will sunset and expire at the end of the 12/18 – 12/19 MOU year. Employees whose jobs require them to work on these holidays would receive banked paid days off instead (8 hours per holiday), which hours may and must be used during the applicable MOU year with the approval of the applicable supervisor/manager. Since this MOU was approved by the City Council after the 12/26/17 to 12/29/17 time period, employees who used leaves for these days/hours on and between 12/26/17 and 12/29/17 will have their leave balances retroactively adjusted, including, as a 1-time exception if necessary to achieve this retroactive adjustment, allowing employees to exceed the otherwise applicable vacation or CTO cap. Those employees who worked these days/hours will be provided banked paid days off (8 hours per holiday) which may and must be used as set forth previously.

B. AWARDED COMPENSATORY TIME OFF (CTO)

On January 1 the City will credit each represented employee with 16 hours of compensatory time off (CTO) (or the proportionate share if the employee is working a reduced work schedule). This CTO shall be available for use by the employee under the same terms and conditions required by the department for use of regularly accrued CTO. Unused CTO may be traded for cash