

CITY OF SANTA BARBARA

**MANAGEMENT
PERFORMANCE
AND
COMPENSATION
PLAN**

(REVISED May 2014)

MANAGEMENT
PERFORMANCE AND COMPENSATION PLAN
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COMPENSATION PLAN

1. BACKGROUND

After considerable evaluation and staff review, and approval by the City Council, a new Management Performance and Compensation Plan was adopted in the 1977-1978 fiscal year. Through an ongoing series of revisions this plan continues to effectively direct the evaluation and compensation of the City's management employees.

This Management Performance and Compensation Plan emphasizes the need for a high level of performance by managers and provides adequate incentives and rewards for said performance. This plan recognizes that:

1. Managers are not extended technicians, but rather are individuals with the unique responsibility for analyzing and synthesizing the input of subordinates, peers, and the public in making decisions regarding the allocation of human and financial resources for which they should be held accountable; and
2. A compensation plan for management should not just provide a financial gain for employees, but should also create direct benefits to the City organization and the public it serves.

The overall objective of the plan is to establish regularly utilized, practical, and uniform performance measurements and related compensation procedures.

2. PARTICIPANTS

Management positions, subject to the Management Performance and Compensation Plan, are regular (not hourly) positions designated as Management in the adopted Position and Salary Control Resolution.

Managers in a recognized bargaining unit (Police Management Association, Fire Management Association) are covered by compensation and benefits provisions of the Management Performance and Compensation Plan only to the extent outlined in the applicable labor agreement.

Some provisions of the Management Performance and Compensation Plan are applicable only to Police Safety Management and Fire Safety Management employees, and these are included in the designated "Special Provisions" section of this document.

Professional Attorneys are defined as the City Attorney, Assistant City Attorney III, Assistant City Attorney II, Assistant City Attorney I, and the Deputy City Attorney. The COLAs and benefits provided under this Compensation Plan apply to professional attorneys as specifically provided in the Professional Attorneys Compensation Plan adopted by the City Council.

The Management Performance and Compensation Plan and the Professional Attorneys' Compensation Plan, will be amended, as necessary, to include changes to compensation and benefits.

3. COMPENSATION PLAN FUNCTION

The primary function of the Management Performance and Compensation Plan is to regularly review and assess the City's compensation practices, carefully analyze labor market data and internal salary relationships among the various classes of work and, based on this analysis, assign a salary range to each classification and recommend modifications to the City's approach to compensation, as needed. This provides an integrated salary plan for all of the City's management classifications.

4. GOALS OF MANAGEMENT COMPENSATION PLAN

The main goal of the Management Compensation Plan is to attract and retain quality managers for service with the City of Santa Barbara. The compensation package is designed to deal effectively with the demand of the labor market and to keep up with the cost of living.

Individual City management employees should perceive the plan as recognizing personal performance, being motivational, and being consistently applied City-wide without regard to age, ancestry, color, mental or physical disability including HIV and AIDS, gender identity and expression, marital status, medical condition, national origin, race, religious belief, or sexual orientation. The Management Compensation Plan should be seen as flexible, rewarding exceptional performers, and allowing for the hiring of individual managers above entry level as necessary. The plan should be clearly understood by all City management employees and have participant acceptance.

In addition, the plan should avoid being overly complex, not be perceived as negative, and should solve salary compaction or compression problems.

5. MARKET COMPARISON STRATEGY

The City of Santa Barbara's management compensation strategy provides policy guidance relative to the selection of labor market employers, and scope of external market surveys.

In overall terms, the City's comparison labor market should:

- Focus on full service coastal and/or urban cities, which are comparable to Santa Barbara with respect to budget, service structure, and service area population.
- Include, when necessary, specialized markets for selected jobs; e.g. harbors, airports, utilities and parks and recreation.
- Recognize the impact of tourism on service demands.

- Recognize agencies located within a defined, competitive recruitment area within the Santa Barbara region, i.e. Ventura County area.

The City's preferred competitive position should be based on total cash compensation and should take into account the cost of living, especially as it relates to housing and difficulties in recruitment and retention of management staff.

6. PLAN DESIGN - CONTROL POINT (C/P) PAY SYSTEM

The design of the pay system is based on the control point pay concept. The control point (the top of the salary range) is the placement of a salary at the City's desired position relative to its labor market for any given position. City policy for managers entering City employment will be to pay within a 20% range of the control point salary. An individual manager's salary movement from salary at hire or promotion to the control point is to be based on merit and determined through the use of the management performance evaluation process.

7. SALARY CONTROL POINT ADJUSTMENT PROCESS

Salary control point adjustments are to be made periodically and may be based on a cost of living adjustment (COLA), external market survey data, anticipated labor market movement, maintaining salary differentials between management classes in a series, and/or maintaining salary differentials between managers and other subordinate classes. The City's ability to pay for adjustments will also be a consideration.

8. SALARY RANGE ADJUSTMENT RECOMMENDATIONS

Adjustments to existing salary ranges will be recommended by the City Administrator to the City Council. Management salary adjustments will be adopted by the City Council and reflected in the City's official salary schedules.

9. PAY FOR PERFORMANCE

The City's management performance evaluation system will determine a manager's pay for performance. The guidelines and criteria for individual salary adjustments will be as follows:

COLA (RANGE) INCREASE

Cost-of-Living Adjustments (COLAs) are increases to management salary ranges recommended by the City Administrator. When a COLA increase adjustment is made to the salary range for a management position, management employees in that position who obtained an Overall Rating of "Successful" or "Exceptional Work" or "Needs Improvement" on their last annual Management Performance Evaluation will receive the same adjustment to their individual salaries. COLAs may be scheduled in advance through adoption of a management salary plan. Approved COLAs are scheduled as follows:

- 1) Police Captains and Police Lieutenants: Police Lieutenants and Police Captains will receive salary increases as provided in the applicable Police Management Association labor agreement.
- 2) Fire Battalion Chiefs and the Fire Division Chief-Prevention: will receive salary increases as provided in the applicable Fire Management Association labor agreement.
- 3) Other managers, including the Fire Chief, Fire Division Chief- Operations, Police Chief and Deputy Police Chief, will receive salary increases as provided by Salary Plan(s) adopted by the City Council by ordinance.

MERIT INCREASE

Eligibility for a merit adjustment is for those individuals who are not already at the Control Point (top of the range) for their position. Merit increases are individual increases, based on each manager's performance, allowing the managers to work toward the Control Point. The merit increase is based on the Evaluator's assessment of the Manager's Overall Rating for the evaluation period. The Manager qualifies for a merit increase only if he/she obtains an Overall Rating of "Successful" or "Exceptional Work". The merit increase may be between 0 to 10 %.The exact percentage of merit awarded will be determined by the Evaluator with appropriate approval.

Any merit increase of greater than 5% must first be approved by the City Administrator.

A manager's actual salary may not exceed (unless "Y-rated") the Control Point (top of the salary range). A manager's actual salary may fall below the minimum set for a range if performance is "Unacceptable". An employee whose salary falls below the minimum shall not be entitled to receive COLA or merit increases until performance reaches a level which would justify such an increase.

10. SPECIAL ASSIGNMENT PAY

When a Manager is temporarily assigned special duties or a special project, that employee may be eligible for Special Assignment Pay. In these cases, the Management employee may not be working in an "Acting" capacity, where he or she is performing the essential functions and duties of another management classification, but is given a special assignment or a special project above and beyond what is expected from his/her current job classification.

The City Administrator or his/her designee will determine the special pay rate, if any, ranging from 1% to 20% of the manager's salary. This special pay provision may be provided to the management employee on a temporary basis, reviewed at least annually and is not to exceed two years on the same assignment. The completion of a special pay assignment project may be followed by new special pay assignments.

PERFORMANCE EVALUATION SYSTEM

11. GOALS OF EVALUATION SYSTEM

The key element of this compensation plan is the performance evaluation system. The effectiveness of the system is dependent upon the planning that supports it and may be measured by the quality of actual management performance. The primary purpose of the appraisal program is to motivate each manager to work at his/her fullest capacity. A secondary purpose is to provide a basis for rewarding management personnel in accordance with their individual performance and to identify those managers whose work is not in keeping with appropriate standards.

The City's management evaluation program is designed as a communications process which not only permits, but requires input and feedback from all organization levels in establishing goals, objectives, work responsibilities, and standards of performance measurement. The methods and techniques are intended to be applied uniformly in all departments and divisions. The program is flexible enough to be adaptable to the philosophy, characteristics, and operating methods of various organizational units. This plan establishes an accurate, objective, and reliable method of measuring performance that will benefit the City and develop the individual manager.

12. PERFORMANCE EVALUATION PERIOD

Annual management performance evaluation periods correspond to the July-June fiscal year. Each manager's performance will be formally reviewed at mid-year and again following the end of the fiscal year, although the manager and evaluator have a continuing responsibility throughout the year to review performance progress.

13. AUTHORITY TO EVALUATE PERFORMANCE

Authority and responsibility for approving management performance goals, completing performance evaluations, and recommending merit increases will be assigned as follows:

- For department heads and City Administrator's staff, the City Administrator has the authority.
- For division managers, the department heads have the authority in consultation with the City Administrator.
- For all other management employees, the division managers have the authority in consultation with the department head.

14. INDIVIDUAL PERFORMANCE GOALS

At the beginning of each fiscal year a subordinate manager and his or her Evaluator will jointly develop the performance objectives for the subordinate manager in the upcoming fiscal year, including any:

1. "P3" Performance Program Objectives
2. Other Projects / Programs (or stages thereof) for Completion
3. Day to Day Operations Objectives
4. Professional Development Objectives (for Manager and his/her Staff)

A measure (qualitative or quantitative) should be provided for each objective. At the end of the fiscal year, each manager's performance will be evaluated based, in part, upon the completion of the outlined responsibilities. The Evaluator will assign a performance rating to each objective.

At times, conditions outside the individual manager's control will alter the manager's activities. These adjustments and any corresponding changes to the manager's individual performance goals should be discussed as they become apparent throughout the evaluation period.

15. CITYWIDE PERFORMANCE OBJECTIVES

In addition to the manager's individual performance goals, each manager will be evaluated on performance related to important City-wide objectives and management skills, including but not limited to the following:

- A. **Section 2: Citywide Objectives:** These are programs and interests that have been deemed to be important to the welfare of the whole City, and must be actively supported by all management personnel
 - "P3" Performance Program Implementation
 - Department/City-wide Communication
 - Staff Development
 - Diversity
 - Injury/Illness and Prevention Program
- B. **Section 3: Management Skills Objectives:** The development and effective use of these skills are deemed important for all management personnel
 - Budgeting / Financial Management
 - Policy Development / Implementation
 - Public and Community Relations
 - Leadership
 - Judgment
 - Managing / Supporting Employees
 - Encourage Creativity and Innovation
 - Oral Communication / Presentation Skills
 - Written Communication

The Evaluator will use his/her judgment as to the fit between the specific job skill and the manager's job and assign a performance rating to each Citywide objective.

16. RATINGS

Each manager will receive an overall rating on his or her evaluation based on his or her performance. The Evaluator may consider factors such as the amount of time the manager has been in the job, the amount of previous or on-the-job training he/she has had, the type and complexity of projects he/she has been assigned, and the pace and complexity of the work environment in developing the overall rating.

The ratings, both for individual performance objectives and for the overall rating, are as follows:

Exceptional Work: Means the Manager's overall performance, during this review period, has significantly exceeded expected levels of performance. *This rating should be used sparingly to indicate exceptional performance (a breakthrough to a new higher level of accomplishment and/or unexpectedly superior performance on a special or emergency assignment.)*

Successful: Means the Manager's performance, during this review period, has made a contribution to the success of the department and the City, and indicates the achievement of competency in this skill area. The Manager consistently meets, and at times exceeds, expectations and performance standards. Performance is within the expected scope and is indicative of a competent manager. It is expected that managers who are performing both at and above expectations will receive this rating.

Needs Improvement: Means the Manager's overall performance, during this review period, has been below the expected level of quality or quantity. The Manager needs to take steps to correct identified deficiencies.

Unacceptable: Means that on an overall basis the Manager has, during this review period, performed in a manner significantly below the level to be expected considering the manager's previous experience, tenure in the class and the Manager's duties and responsibilities, and that it appears to be reasonably certain that the manager is either unwilling or unable to perform successfully.

Not Applicable/ Not Observed: The skill or characteristic does not apply to this position, is new and not yet measurable, or the activity was not under the Manager's control.

17. PROMOTIONS AND NEW APPOINTMENTS TO MANAGEMENT

The process for assimilating newly promoted or appointed managers into the evaluation system is as follows:

1. The initial performance goals will be developed during the first three (3) months of employment.
2. The beginning date of the evaluation period may be between one (1) and three (3) months from the date of employment as agreed to by the manager and his/her supervisor.
3. All evaluation periods must cover a period of at least three (3), but no more than twelve (12) months with the end of the evaluation being June 30.

4. The manager will be evaluated at the conclusion of each evaluation period (June 30).
5. The beginning salary for a management employee will be negotiated within the salary range for the position.
6. All subsequent changes in salary will be made based upon performance evaluation.

Salary adjustments, except for those hired between April 1 and July 1, will be as follows:

- If rating is “Successful” or “Exceptional Work”: $COLA + (X/12 \times \text{Merit Increase}) =$ % total salary increase, where X is the number of full months contained in the evaluation period for the last fiscal year.
- If rating is “Needs Improvement”: COLA only
- If rating is “Unacceptable”: Not eligible for salary increase.

Those not evaluated because they were hired between April 1 and July 1 will receive the amount of the COLA adjustment in order to maintain their relative position in the range.

BENEFITS

18. BENEFIT GROUPS I AND II

All management classifications will be designated as belonging to Benefit Group I or Benefit Group II. This designation will determine the amount/level of benefits that will accrue to each management employee.

Group I: City Administrator, Assistant City Administrator, all Department Heads.

Group II: All other management classifications.

19. HEALTH AND WELFARE BENEFITS

A. CAFETERIA PLAN CONTRIBUTION

Managers will receive a monthly contribution to the cafeteria plan for the purchase of health and welfare benefits and/or optional cash-out. The dollar value of full family medical and dental will be determined based on the premiums for the least expensive comprehensive plans.

The cafeteria plan amount will be periodically adjusted so that it is equal to no less than:

	<u>Group I Managers:</u>	<u>Group II Managers:</u>
Effective 1-1-2013	\$1718 per month	\$1676 per month

Information about the benefits available and their cost will be distributed to all management employees at the beginning of each benefit year (i.e. calendar year). The City retains full and complete control over the selection, approval and administration of the City's group insurance program.

The benefits will be subject to the following rules:

1. Benefit selections must be made prior to the beginning of each benefit year. Employee changes in benefit plan selections, such as adding or deleting coverage and/or dependents, may only be made in accordance with Section 125 of the Internal Revenue Code and City policy.
2. All benefits selected from the cafeteria plan must be paid for in full from the maximum benefit provided except when the maximum is insufficient to cover all insurance coverage selected. In such cases, the premium amount not funded by the City-provided benefit will be paid through an employee deduction applied against the medical premiums.
3. No unexpended dollar amounts associated with selected benefits may be disbursed to a terminating employee.
4. All benefit selections are subject to State and Federal rules, regulations, and laws regarding employee benefits and tax status. No guarantee is made regarding the tax-exempt status of any and all benefits presented or selected.
5. Management employees will be eligible for benefits coverage and the respective Group I or Group II monthly cafeteria plan contribution, on the first day of the month following their hire date.

B. DOMESTIC PARTNERSHIP BENEFITS

The cafeteria plan allowance can be used toward same sex and opposite sex domestic partner dependent coverage under the medical, dental, and vision plans, and any other plan where such coverage is allowed. In order to receive this benefit, domestic partners must be registered with the City Clerk's Office and/or the Secretary of State of California, and the employee must provide proof of registration. The affected employee(s) will be responsible for all tax consequences of this benefit.

Additionally, Domestic Partners who are registered with the City Clerk's Office and/or the Secretary of State of California are treated the same as spouses under all City policies related to employees' families.

C. EMPLOYEE ASSISTANCE PROGRAM (EAP)

Managers and their families will have access to the City's Employee Assistance Program for free confidential counseling services. This amount will not be counted against the cafeteria plan allowance.

D. LIFE INSURANCE

Life Insurance will be provided equal to an amount of one times annual salary. An equal amount will be provided for accidental death and dismemberment (ADD) coverage. This amount will not be counted against the cafeteria plan allowance.

E. LONG TERM DISABILITY

Each management employee will receive coverage under the City's long term disability insurance program. This amount will not be counted against the cafeteria plan allowance.

F. SHORT-TERM DISABILITY

Managers are eligible to participate in an optional Short-term Disability plan at their own cost.

G. ACCIDENT/CANCER INSURANCE

Managers are eligible to participate in an optional Supplemental Accident and Cancer insurance plan at their own cost.

H. TAX-QUALIFIED EXPENSE ACCOUNTS

The City offers several tax-qualified arrangements to allow managers to set aside money to pay for eligible expenses on a pre-tax basis. These include:

- Medical Flexible Spending Account
- Dependent Care Account

I. EXECUTIVE CAR ALLOWANCE

Executives are eligible for a monthly car allowance. This allowance is adjusted based upon the IRS mileage rate. Please contact the Finance Department for the current allowance.

20. TIME OFF AND LEAVE BENEFITS

A. VACATION & SICK LEAVE ADVANCED CREDIT UPON HIRE

a. An employee who is appointed from outside City of Santa Barbara government service within one (1) year of leaving employment with either the City of Santa Barbara or another city, county, state agency, federal agency or special district and who, in the opinion of the Human Resources Manager, possesses government experience directly related to the position to which he or she has been appointed, may be offered credit for years of prior service with the City of Santa Barbara and/or his or her immediate previous government employer in the following ways:

- i. Vacation Accrual: At the discretion of the Human Resources Manager, the employee may be offered credit for up to the total number of prior full years of service at the City of

Santa Barbara and/or his or her immediate previous government employer toward the initial vacation accrual rate. The employee will not be eligible to progress to a higher accrual rate until employee has the normal required minimum amount of City of Santa Barbara service for that accrual rate.

ii. Sick bank: At the discretion of the Human Resources Manager, the employee may be credited with up to 96 hours of sick leave. Thereafter, employee will accrue sick leave at the normal rate.

b. A former City of Santa Barbara employee reemployed within one year under Santa Barbara Municipal Code Section 3.16.320 will automatically qualify for the full vacation accrual credit under (i), above, for his or her prior City of Santa Barbara service. However, under no circumstance will prior accrued vacation balances cashed out to the employee upon termination be reinstated.

B. VACATION

Managers will accrue vacation as follows:

	<u>Years of Service</u>	<u>Days Per Year</u>
<u>Group I</u>		
	0-3	160 hours
	4-5	200 hours
	6+	224 hours
<u>Group II</u>		
	0-2	120 hours
	3-5	160 hours
	6-7	200 hours
	8+	224 hours

Vacation for management employees will be used within the following parameters:

1. The maximum vacation accrual will be 392 hours.
2. The maximum vacation accrual may be waived if scheduled vacations are cancelled by the City for emergencies or cancelled by the manager due to the illness, injury, or personal emergency. The manager will submit to the City Administrator, via the Department Head, a memo requesting approval for the accrual beyond the maximum. The City Administrator may establish a deadline by which the manager must reduce the vacation accrual to at or below the maximum, or be subject to the accrual discontinuance provisions outlined in item #3 below.

3. A manager whose vacation balances exceed the maximum accrual of 392 hours will not be eligible to accrue further vacation until such time as the manager has reduced his or her accrued leave balances through time off, catastrophic leave donation, or buy-back, to below the maximum accrual. There is no retroactive grant of vacation compensation for the period of time the vacation compensation was at the cap.

C. LEGAL HOLIDAYS

Paid holidays include:

January 1st	(New Year's Day)
3rd Monday in January	(M. L. King Jr.'s Birthday)
3rd Monday in February	(President's Birthday)
March 31 st	(Cesar Chavez's Birthday)
Last Monday in May	(Memorial Day)
July 4th	(Independence Day)
1st Monday in September	(Labor Day)
4th Thursday in November	(Thanksgiving Day)
4th Friday in November	(Day following Thanksgiving)
December 25th	(Christmas Day)

Paid holiday time is awarded at 8 hours per holiday for a full-time manager (pro-rated for part-time employees), regardless of schedule. When a holiday falls on a Saturday or Sunday the preceding Friday or following Monday, respectively, will be observed as a legal holiday. Whenever a holiday occurs on a manager's regularly scheduled day off, the manager is entitled to an additional day off. Such day off shall be taken within sixty (60) calendar days, or shall be compensated at straight pay.

D. PERSONAL LEAVE DAYS

Managers will be entitled to thirty-two (32) paid personal leave hours (pro-rated for part-time employees) each fiscal year per the following schedule:

On the payroll July 1st	32 hours
Hired between July 2 and October 1	24 hours
Hired between October 2 and Jan 1	16 hours
Hired between Jan 2 and April 1	8 hours

Personal leave days must be taken by the end of each fiscal year or lost. Personal leave will be scheduled on the same basis as vacation. In no case will managers be entitled to cash payment for personal leave days not taken.

E. MANAGEMENT LEAVE

The purpose of management leave is to provide a process for authorizing paid leave time, on a flexible basis, to management employees who are not eligible to receive overtime compensation or compensatory time off. Due to the nature of their positions, managers are required to place

greater emphasis on the accomplishment of program objectives, rather than on the actual number of hours worked. Their activities are regulated by fulfilling program responsibilities rather than by scheduled hours. They may be required to periodically or routinely work long or irregular hours, and to attend various meetings and functions to fulfill the responsibilities of their positions.

Eligibility: This management leave policy applies to all regular management employees designated as being exempt from the overtime provisions of the Fair Labor Standards Act, subject to department head, City Attorney, or City Administrator approval, as outlined below.

Award: Each eligible management employee is awarded forty (40) hours of management leave (pro-rated for part-time employees) for the fiscal year as follows:

Managers on the payroll July 1 (inclusive)	40 hours
Managers hired between July 2 and October 1 (inclusive)	30 hours
Managers hired between October 2 and January 1 (inclusive)	20 hours
Managers hired between January 2 and April 1 (inclusive)	10 hours

A manager on a Leave of Absence without Pay on July 1st will receive the Management Leave hours (prorated) when s/he returns to work.

The department head, City Attorney, or City Administrator may grant additional paid leave to each eligible management employee during the year. The amount of additional paid leave, if any, will be subject to discretion of the department head, City Attorney, or City Administrator.

Use: Management Leave is scheduled like vacation. The leave provided by this program is not related to hours worked nor subject to accrual, and may not be carried over beyond the end of the fiscal year. Upon resignation or termination, a manager will not be entitled to any payout of management leave.

Approval: Administration of this policy is subject to the discretion and approval of the department head, except for City Attorney or City Administrator appointment positions, which are subject to the discretion and approval of the City Attorney or City Administrator respectively. Final resolution of any disputes arising from this policy will rest with the City Attorney or City Administrator as appropriate.

F. SICK LEAVE

Sick leave allowance will accrue at the rate of 8 hours per month.

G. NON-REPLENISHABLE SICK LEAVE

Management employees are eligible for non-replenishable sick leave. After five (5) years of continuous service, a manager may accumulate additional sick leave at the rate of sixteen (16) hours at full salary for each additional year of continuous service. The maximum accumulation is

two hundred and forty (240) hours and is not replenishable. Non-replenishable sick leave hours may only be used after the manager's entire regular sick leave bank is exhausted.

H. CATASTROPHIC LEAVE – See Appendix A

The management catastrophic leave policy allows managers to donate vacation time to the applicable leave banks of full-time and part-time employees who are incapacitated due to a catastrophic illness or injury or who must care for a spouse or child who has a catastrophic illness or injury. A catastrophic illness or injury is a severe illness or injury which is unusual, unexpected, and immediate in nature; and which is expected to preclude an employee from returning to work for an extended period of time, during which the employee will exhaust all of his/her accumulated leave balances.

Donated vacation time will be converted and credited to the recipient in equivalent hours of sick leave at the recipient's base hourly rate (e.g. employee A makes \$20/hour and donates 1 hour of vacation time to employee B who earns \$10/hour. Employee B's applicable leave bank is increased by 2 hours for each hour donated by A).

I. LEAVES OF ABSENCE

Medical Leave: Managers are eligible to request a medical or family leave of absence of up to one year under the City's FMLA/CFRA Family Medical Leave Policy, the Leave without Pay (Medical Reasons) Policy, the Maternity Leave Policy, and/or the Parental Leave Policy.

The City Administrator may grant an extra leave of absence, in addition to that provided under the various sick leave policies to a manager who has been continuously employed by the City for five (5) years or more. When all sick leave has been exhausted, the manager can make a request, in writing, for extra leave and attach a report from his/her medical doctor stating the extent of the illness and the approximate time required for recovery. If approved the request shall be based on the following schedule:

<u>Service in Years (active & continuous):</u>	<u>Maximum # of Months of Extra Leave Allowable:</u>
5- 10	3
10-15	6 (including the 3 above)
15-20	9 (including the 6 above)
20 +	12 (including the 9 above)

During such period of extra leave, the manager shall receive an amount equal to 50% of his/her regular salary (MC 3.08.210).

Non-Medical Leave: Managers may also request a personal leave of absence of up to one year for non-medical reasons under the City's Leave of Absence without Pay (Non-medical reasons) Policy. A sabbatical may constitute a reason for a leave of absence. An approved leave of absence without pay will not constitute a break in continuous service.

21. RETIREMENT BENEFITS

A. RETIREMENT PLAN (PERS)

Each management employee will be enrolled in the Public Employee's Retirement System (PERS), in either the miscellaneous or safety category as determined by the individual's job classification.

New Members: Effective January 1, 2013, new members as defined by California Public Employees' Pension Reform Act of 2013 (hereinafter "AB 340") will be covered under the 2.7% at 57 Safety retirement formula or the 2% at 62 Miscellaneous retirement formula, with a final compensation measurement period of the average of the highest three (3) consecutive years, as well as all other statutory requirements of AB 340. Effective July 1, 2013, new employees and/or members as defined by AB 340 shall contribute half the normal cost for benefits, as defined by AB 340; the City will not pay any portion of these employees' required contributions.

Classic Members: Employees who qualify as "Classic" PERS members by virtue of service with the City or another qualified employer prior to January 1, 2013 will be covered under the following plans:

1. Police and Fire Safety Managers: The City's Fire and Police Managers are covered under the PERS 3% at age 50 benefit formula, with a final compensation measurement period of the single highest year.
 - a. Represented Police and Fire Safety Managers contribute toward retirement as outlined in the applicable labor agreement.
 - b. Unrepresented Police and Fire Safety managers contribute toward retirement as outlined in the as provided by Salary Plan(s) adopted by the City Council by ordinance.
2. Miscellaneous Managers: The City's Miscellaneous Managers are covered under the PERS 2.7% at age 55 benefit formula, with a final compensation measurement period of the single highest year. The employee's contribution toward the employee's required member contribution, if any, is adjusted upward or downward from year to year depending on the City's employer rate from PERS.

Managers also have the option, at their own expense, to receive PERS service credit for any military service time or other service time eligible for service credit purchase under the applicable PERS plan.

B. DEFERRED COMPENSATION

In addition to the City's retirement plans, managers may elect to participate in the deferred compensation program to save for retirement. The deferred compensation program is a tax-qualified Section 457 government defined contribution retirement program.

C. SERVICE CREDIT FOR SICK LEAVE UPON RETIREMENT

At the time of retirement, the City purchases an annuity for the retiring manager that pays a monthly benefit similar to the PERS amendment that provides service credit for sick leave. *Note: This provision does not apply to Fire Safety Managers since credit for sick leave is included in their PERS contract, nor to Police Management Association (PMA) members, who are covered under the provisions of their labor agreement.*

The following conditions apply to this benefit:

1. In order to qualify for service credit for sick leave upon retirement, the retiring manager must have at least 500 sick leave hours;
2. The conversion rate of 0.004 years of service credit for each day of sick leave is utilized;
3. The retiring manager may take the cash purchase value of the annuity in lieu of the monthly annuity;
4. Safety group members who obtain 90% of final compensation upon retirement are not eligible for this benefit. (All safety group PERS contract evaluations limit a safety member's maximum annual pension to no more than 90% of final compensation regardless of the length of service and this benefit carries the same restriction); and
5. If the City amends its PERS Miscellaneous or Police contract evaluation to include service credit for sick leave upon retirement, non-safety or Police members, respectively, will be included in that PERS contract amendment and the annuity program will be discontinued for that group.

This provision is not intended to provide a benefit when a similar benefit would not be available from PERS under the service credit for sick leave contract amendment.

D. RETIREE MEDICAL INSURANCE CONTRIBUTION

1. This provision is applicable to managers who retire from City service and
 - a. Have 10 or more years of classified or unclassified service; or
 - b. Retire from the City with an industrial disability retirement.
2. The City will contribute \$10.50 per month, per year of service, toward the purchase of retiree medical insurance, up to a maximum of 35 years (i.e. \$367.50 per month).
3. The retiree is not limited to the purchase of a City sponsored plan, provided however, that if the retiree purchases another insurance plan, the retiree must supply the City with adequate proof of insurance coverage prior to any contribution from the City. Proof of such coverage will be provided to the City on a periodic basis, as reasonably determined by the City.

4. The City will continue to make its contribution until the retiree reaches age 65 or dies, whichever occurs first, provided however, that if the retiree dies before reaching the age of 65 and there is a surviving spouse or registered domestic partner, the City's contribution will cease when the retiree would have reached 65. Thereafter, the spouse may remain on the insurance plan, at his/her cost, subject to the conditions set forth by the insurance company.

22. EDUCATION BENEFITS

A. LEAP TRAINING PROGRAM

The City is committed to providing quality in-house training to managers through the Learning for Excellence and Achievement Program (LEAP).

B. EDUCATIONAL REIMBURSEMENT PROGRAM

(Note: Due to financial conditions, this program was suspended effective July 1, 2009. The program is scheduled to be reinstated in July 2014.)

Managers are eligible for up to \$1,000 per year in educational reimbursement through the Citywide Educational Reimbursement Policy.

C. MANAGEMENT MASTER'S DEGREE PROGRAM – See Appendix B

(Note: Due to financial conditions, this program was suspended effective July 1, 2009 and remains suspended)

The City will pay the cost for a manager to obtain a master's degree from an accredited institution, as detailed under the Management Master's Degree Program.

23. HOUSING BENEFITS

A. COASTAL HOUSING PARTNERSHIP (CHP)

The City is a member employer of this organization which assists regular employees in becoming homeowners in the local community by providing financial assistance and educational services. The package provides financial-assistance programs addressing common obstacles to purchasing a home, such as the down payment and closing costs. Refinancing for homeowners, and other housing programs are also available.

B. CALPERS MEMBER HOME LOAN PROGRAM

PERS offers its members a variety of options for purchasing or refinancing a home.

SPECIAL PROVISIONS

24. UNREPRESENTED POLICE SAFETY MANAGEMENT EMPLOYEES

Uniform Allowance

The Deputy Police Chief and Police Chief will receive a uniform allowance equal to the amount established for a Police Officer under the Police Unit M.O.U. in effect at the time.

P.O.S.T.

The Deputy Police Chief and Police Chief will receive advanced Police Officers Standards and Training (POST) pay equal to the amount established for a Police Sergeant.

25. UNREPRESENTED FIRE SAFETY MANAGEMENT EMPLOYEES

Uniform

The Fire Chief and the Fire Division Chief- Operations will receive an annual uniform allowance equal to the amount established for a Firefighter per the Fire Unit M.O.U. in effect at the time.

Emergency Overtime:

- Overtime will be accrued or paid to Fire Chief and the Fire Division Chief-Operations at straight time only when assigned to emergency suppression or prevention duties.
- Overtime will not be accrued for performing administrative duties.
- Overtime shall be accrued or paid out at the rate of time and one-half when providing mutual aid for which the City is reimbursed at the rate of time and one half.
- Overtime may be accrued in a bank of hours not to exceed 48 hours.

APPENDIX A CATASTROPHIC LEAVE POLICY- MANAGEMENT

- I. **PURPOSE:** To establish a program whereby City employees can donate vacation and/or compensatory time, if applicable, to:
 - A. The sick leave banks of permanent full-time and permanent part-time employees who are incapacitated due to a catastrophic illness or injury; or
 - B. The vacation leave banks of permanent full-time and permanent part-time employees who are caring for a spouse or child who has a catastrophic illness or injury.

- II. **DEFINITION:** A catastrophic illness or injury is a severe illness or injury which is unusual, unexpected, or immediate in nature; and which is expected to preclude an employee from returning to work for an extended period of time, during which the employee will exhaust all of his/her applicable accumulated leave balances.

- III. **POLICY:** City employees may donate vacation and/or compensatory time, if applicable, to a permanent full-time or permanent part-time employee if:
 - A. An employee experiences a catastrophic illness or injury or must care for a spouse or child who has a catastrophic illness or injury which requires the employee to be absent from work for an extended period of time;
 - B. The employee has nearly exhausted all applicable leave balances (sick, vacation, personal leave, and compensatory time in the case of the employee's off-duty catastrophic illness or injury; vacation, personal leave and compensatory time due to caring for a spouse or child who has experienced a catastrophic illness or injury); and
 - C. The employee or if incapacitated, the legally recognized representative, has agreed to accept the donation if approved by the department head and the City Administrator.
 - D. The department head will take action to help ensure that each employee's decision to donate or not donate to a Personal Catastrophic Leave Account is kept confidential and that the donor and recipient employees are not pressured to participate.
 - E. State and Federal income tax on the value of vacation and/or compensatory time, if applicable, donated will be deducted from the recipient employee's pay at the time the hours are used.

IV. PROCEDURES:

- A. A request is made by the recipient employee or if incapacitated, the legally recognized representative, to the department head for the establishment of a Personal Catastrophic Leave Account. This request may be made prior to the employee exhausting all of his/her applicable paid leave balances so that time donated may be utilized immediately upon exhaustion of the employee's leave balances, but not before.
- B. Upon approval of the department head and the City Administrator, and upon agreement of the recipient employee, a Personal Catastrophic Leave Account will be established. The employee or if incapacitated, the legally recognized representative, will sign the "Request to Receive Donation(s)" form allowing publication and distribution of information regarding his/her situation.
- C. The employee or if incapacitated, the legally recognized representative, will be required to provide verification of the catastrophic illness or injury from an attending physician before and while using time donated under this program. All information provided by the attending physician will remain confidential.
- D. The request for donations will occur in three month intervals and may be extended up to a maximum of twelve (12) continuous months for any one catastrophic illness/injury, based upon approval of the department head and City Administrator.
- E. Donated vacation and/or compensatory time will be converted and credited to the recipient's applicable leave bank in equivalent hours based upon the recipient's base hourly rate. (e.g., employee A makes \$20/hour and donates 1 hour of vacation time to employee B who earns \$10/hour. B's applicable leave bank is increased by 2 hours for each hour donated by A.)
- F. Employees will use the "Donation of Vacation and/or Compensatory Time" form to submit donations of vacation and/or compensatory time, if applicable, directly to Human Resources. All donations will be reviewed for compliance with this policy. After review, the form will be forwarded to Payroll for action and adjustment to the donor's and recipient's paid leave balances.
- G. All donations of vacation and/or compensatory time, if applicable, will be in increments of 4 hours or more (e.g. 4, 8, 12 hours) and will be made in three month increments. An employee may not donate vacation or compensatory time, if applicable, which would reduce his or her total accrued combined balance of vacation, compensatory time, personal leave and sick leave to less than 120 hours after the donation.
- H. The donation of vacation and/or compensatory time, if applicable, is irreversible. Should the recipient employee not use all the donated time for the catastrophic illness or injury, any balance will revert to a City-wide "Catastrophic Leave Bank"

for future use by employees with need for that donated time pursuant to the provisions of this Catastrophic Leave Policy.

- I. A report on the usage of Personal Catastrophic Leave Accounts and status of the City-wide "Catastrophic Leave Bank" will be available to recognized labor organizations and others with a need to know. The report will include the identity of the recipient(s), hours donated, hours used and the remaining balance(s).

**APPENDIX A
CITY OF SANTA BARBARA**

**CATASTROPHIC LEAVE POLICY - MANAGEMENT
(Attachment A)**

REQUEST TO RECEIVE DONATION(S)

This form is for those City employees who are incapacitated due to a catastrophic illness or injury and wish to benefit from a City-established employee-donated Catastrophic Leave Bank. To be eligible to participate in the program, it is foreseen that an employee will use all of his/her accumulated leave balances because of a catastrophic illness or injury; however, any hours donated may not be utilized until the employee's leave balances are actually exhausted.

The purpose of this form is not to be intrusive into the personal life of any employee. The goal is to obtain enough information so that the decision to establish a Catastrophic Leave Bank for any given employee will be based on appropriate considerations. The intent is to establish a Catastrophic Leave Bank for those employees truly in need.

Name: _____ Date: _____
Job Title: _____ Department: _____
Please describe why you are requesting use of the Catastrophic Leave Bank including specific information such as the nature of the catastrophe. (A doctor's Certificate of Disability and/or more pertinent information will be required by the City.)

How much donated time do you estimate you may need?

I agree to allow this information to be released to those employees wishing to donate their vacation time to me, as well as those people involved in the administration of the program.

Signed by the Requesting Employee or if incapacitated, the Legally Recognized Representative

_____ Date _____

Signed by the Department Head _____ Date _____

Signed by the City Administrator _____ Date _____

**APPENDIX A
CITY OF SANTA BARBARA**

**CATASTROPHIC LEAVE POLICY - MANAGEMENT
(Attachment B)**

DONATION OF VACATION TIME

CONFIDENTIAL

TO: Human Resources

FROM:
(Employee Name and Department)

DATE:

I understand that this donation of my vacation time is irrevocable. Should the employee receiving the donation not use all of the donated time for the catastrophic illness or injury, the balance will remain with the Catastrophic Leave Bank for future use by other employees with need for the donated time.

I understand that I may only donate vacation time and that time may only be donated in increments of four hours or more.

I understand that I cannot donate vacation time which would reduce my total accumulated vacation, personal leave, and sick leave to less than 120 hours after my donation.

I have read and understand all of the above and I freely and without restraint elect to donate ____ vacation hours to a Catastrophic Leave Bank established for the benefit of

(employee's name)

NAME: _____
(Please Print)

SIGNATURE: _____

DATE: _____

**APPENDIX B
CITY OF SANTA BARBARA**

MANAGEMENT MASTER'S DEGREE REIMBURSEMENT PROGRAM

PROGRAM CURRENTLY SUSPENDED

7/1/05

1. Objective

The City of Santa Barbara believes that continuing formal education has a positive impact on a manager's contribution to the City; therefore, the City supports self-development and educational efforts of its managers by providing reimbursements for many of the expenses associated with obtaining a Master's Degree related to the employee's current profession as approved by the City Administrator.

2. Determining Program Eligibility (Note: this program suspended effective July 1, 2009)

Effective July 1, 2005 a regular management employee is eligible for this program after successfully completing one-year of employment.

A participating manager will complete and submit a Master's Degree Reimbursement Application to their Department Head for approval prior to starting the program. The application will include the outline/schedule of the courses for the Master's Degree.

Upon approval from the Department Head, the Application will be sent to the Human Resources Office for final approval. The Human Resources Manager or designee has sole approval of courses to reimburse.

Depending on the potential impact of a manager's absence on department operations and workload, the manager's Department Head may allow the manager to rearrange work schedules or use accrued vacation, personal leave, or holiday (Police only) time to help accommodate coursework during off-duty hours.

Managers enrolled in the Master's Degree Reimbursement Program are also eligible to receive the annual \$1,000 from the Education Reimbursement Program for books related to their Master's Degree and for non-Master's degree related courses that qualify under the Education Reimbursement Program.

3. Eligible Expenses

The Program will reimburse the expenses of tuition, required textbooks, registration, program and lab fees and other fees directly related to the Master's Degree. All other expenses such as parking, hotel accommodations, and travel expenses are *not* eligible for reimbursement.

4. Program Budget

Funding for the program is limited to the total amount designated by the City Administrator. Course approval is contingent on the availability of funds in the Master's Degree Reimbursement Program fund administered by Human Resources.

5. Reimbursement Amount

The City will reimburse up to a maximum of \$9,000 for a Master's Degree in Public or Business Administration. This amount is based on the cost of a Master's Degree in Public Administration at Cal-State Northridge (non-cohort model). This amount will be contingent on the total funding available for reimbursements. These funds will be increased in the future as necessary as the non-cohort tuition at Cal-State Northridge increases.

City reimbursement will be reduced by any other financial aid that does not have to be repaid (such as the GI Bill, scholarships and grants).

6. Course Approval Reimbursement Process

A participating employee will complete and submit a Master's Degree Reimbursement Application to their Department Head for approval. **Before** the course starts and after the Department Head has approved the Application, the Application will be sent to the Human Resources Office for final approval and confirmation that funds are available. The Human Resources Manager or designee has sole approval of courses to reimburse.

Note: Effective July 1, 2005: with the implementation of this new Master's Degree Reimbursement Program, managers who have received prior approval, through the Educational Reimbursement Program, for a current in-session Master's Degree-related course in Public or Business Administration will be switched to and covered by this new program. These managers will need to complete the Application related to approval of the degree program.

7. Reimbursement Following Completion of a Course

To be eligible for Reimbursement, the manager must complete approved courses in a satisfactory manner. Proof of course completion is required and a grade of "C" or better or a "pass," if the course is held in a pass/fail format, is required for reimbursement.

Following the completion of the course, the manager will submit receipts and proof of a completed course with a satisfactory grade to his or her Department Head within 90 days of the approved course completion date. Valid receipts are original receipts from a school or organization approved by the department. The Department Head will send the appropriate form, claim and receipts to the Finance Department.

The manager will be required to re-pay the Master's Degree reimbursement if they do not

complete the following work commitment:

- If the manager leaves City employment within 12 months or less of completion of the degree they will be required to pay back 100% of the costs;
- If a manager leaves between 13 months to 24 months of completion of the degree they will be required to pay back 75% of the costs; and
- If they leave between 25 and 36 months of completion of the degree they will be required to pay back 25% of the cost.

To be reimbursed for the Master's Degree, the manager must be a current employee of the City.

6. Taxation

Reimbursements provided by this program may be subject to state and federal income taxes. More information regarding taxation of these reimbursements should be obtained from a licensed tax professional.

**APPENDIX B
CITY OF SANTA BARBARA**

MANAGEMENT MASTER’S DEGREE PROGRAM

(Attachment A)

**PROMISSORY NOTE
(UNSECURED)**

\$ XX,XXX

Santa Barbara, California
_____, 200_

FOR VALUE RECEIVED, and in connection with a City of Santa Barbara Master’s Degree Reimbursement Agreement dated _____, the undersigned, **(Employee Name)**, [hereinafter the “Maker”] promises to pay to the City of Santa Barbara, [“City”] as Holder, [or its order] at City Hall, [De La Guerra Plaza] 735 Anacapa Street, Santa Barbara, California 93101 [or at such other place as the holder may from time to time designate by written notice to Makers], the principal sum of _____ Dollars [**\$XX,XXX,**] without interest from this date, as established in more detail specifically in the Master’s Degree Reimbursement Agreement dated _____ (“The Agreement”).

Unless due earlier by reason of the exercise by the Holder of any remedies on default as set forth below, the principal sum set forth above shall be due and payable in the manner and at the times set forth in the Agreement dated, _____ between the Maker and the Holder.

Maker agree to pay the following costs, expenses, and attorneys’ fees paid or incurred by the City or a subsequent holder of this note, or as may be adjudged by a Court: 1.) reasonable costs of loan collection, costs, expenses, and attorneys’ fees paid or incurred in connection with the collection or enforcement of this note, whether nor not suit is filed; and 2.) costs of suit and such sum as the Court may adjudge as attorneys’ fees in an action to enforce payment of this note or any part of it.

This Promissory Note is unsecured and Maker is personally liable for any deficiency on this Note. City may pursue any remedies legally available to it to enforce the provisions of this Note and Agreement to which this Note relates.

The Maker, for him/herself and his/her successors and assigns, waives demand, presentment for payment, notice of dishonor, protest, notice of protest and diligence in collection and all notices or demands whatsoever with respect to this Note and the indebtedness evidenced hereby may be extended from time to time by the Holder and assents to any substitution, exchange or release of collateral permitted by the Holder, all without in any way modifying, altering, releasing, affecting or limiting the liability of the Maker under this Note. No failure of acceptance of a past due payment, or indulgences granted from time to time shall be construed (1) as a notation of this Note, (2) as a reinstatement of the indebtedness evidenced by this Note, (3) as a waiver of such right of acceleration or of the right of the Holder to insist upon strict

compliance with the terms of this Note, or (4) to prevent the exercise of such right of acceleration or any other right granted under this Note or by any applicable law. No extension of time for the payment of this Note, made by agreement with any person now or hereafter liable for the payment of this Note, shall operate to release, discharge, modify, change or affect the original liability of the Maker under this Note, either in whole or in part, unless the Holder agrees otherwise in writing.

This Note is the Note referred to in and is entitled to the benefits of the Agreement. All the duties, responsibilities and obligations of the Maker and the rights of the Payee under the City of Santa Barbara Master's Degree Reimbursement Agreement shall continue until the principal amount and any other sums due hereunder have been paid in full or as set forth in the Agreement. All rights, benefits and the terms of the City of Santa Barbara Master's Degree Reimbursement Agreement shall inure to the benefit of any Holder. Any default under the City of Santa Barbara Master's Degree Reimbursement Agreement shall be an event of default hereunder.

The Maker hereby waives and renounces for him/herself and his/her successors and assignees, all rights to the benefits of any moratorium, reinstatement, marshalling, forbearance, valuation, stay, extension, redemption, appraisal, exemption and homestead now provided, or which may hereafter be provided by the Constitution and laws of the United States of America or of any state thereof, both as to herself and to all of her property, real and personal, against the enforcement and collection of the obligations evidenced by this Note.

Time is of the essence hereunder. The failure or forbearance of the Holder to execute any rights under this Note or under any documents executed in connection with this Note shall not affect or release the liability of any obligor, including guarantors or sureties, or against property securing this Note without enforcing any other rights or remedies against any other obligor, including guarantors or sureties or against property securing this Note. The Maker agrees to pay all costs of collection, including reasonable attorneys' fees.

This Note may not be changed orally, but only in writing, signed by the party against whom enforcement of any waiver, change modification or discharge is sought.

Any notice required or permitted under this Note shall be given to the Maker or the Holder at the address set forth above (or at such other address as such party shall designate to the other party or parties in writing).

If any of the provisions of this Note shall contravene or be invalid or unenforceable under the laws of any jurisdiction where it is in effect, such contravention, invalidity or unenforceability shall not invalidate this entire Note, and this Note shall be construed as if it did not contain the particular provision or provisions held to be illegal, invalid or unenforceable, and all the rights of the Holder and obligations of the Maker shall be construed and enforced accordingly; always provided, however, that such invalid provision or provisions do not go to the essence of this Note so that is or their invalidity relieves the Maker from the obligation of rendering substantial performance under this Note.

This Note shall be construed and enforced in accordance with the laws of the State of

California, without regard to the conflict of laws provisions of such State.

As used in this Note, the terms "Maker" and "Holder" shall be deemed to include her respective heirs, successors, legal representatives and assigns, whether by voluntary action of the parties or by operation of law.

IN WITNESS WHEREOF, the Maker has executed this Note as of the _____.

[Name of Maker]

Signature of Maker

Sworn to and subscribed before me this _____ day of _____, 20__.

NOTARY PUBLIC

My Commission Expires: