



CITY OF MENLO PARK UNREPRESENTED MANAGEMENT COMPENSATION PLAN

EFFECTIVE NOVEMBER 19, 2023



CITY OF MENLO PARK MANAGEMENT COMPENSATION PLAN

Effective November 19, 2023

Contents

I. Eligible Employees.....	3
II. Employee Compensation	3
A. Salary	3
1. Base Salary	3
2. Performance Evaluations	4
3. Bonus Program.....	4
4. Salary Administration	4
B. Group Insurance	5
1. Health Plan	5
2. Dental Insurance.....	5
3. Life Insurance	5
4. Vision Insurance	5
5. Long Term Disability (LTD) Insurance.....	5
6. Accidental Death and Dismemberment (AD&D) Insurance	5
7. Optional Insurances	5
C. Additional Benefits	6
1. Employee Assistance Program (EAP).....	6
2. Health Reimbursement Arrangement and Flexible Spending Account Benefits.....	6
3. Auto Allowance	6
4. Uniform Allowance	6
5. Education Reimbursement.....	6
D. Bereavement Leave.....	7
E. Jury Duty and Witness Leave.....	7
F. Holidays	7

G. General Leave.....	8
1. Accrual.....	8
2. Annual Cash-out.....	8
3. Separation Cash-out.....	8
4. Conversion to Retirement Health Credits.....	8
H. Management Leave.....	9
I. Retirement.....	9
1. Pension for Miscellaneous/Non-Sworn.....	9
2. Pension for Safety/Sworn.....	10
3. Employer Rate Cost Sharing.....	10
4. Retiree Health Benefits.....	10
J. Deferred Compensation.....	11

I. Eligible Employees

Eligible employees covered by this plan include City employees in classifications that are appointed by the City Manager and have been designated as unrepresented management employees. These classifications are in an at-will employment status, are exempt from the Fair Labor Standards Act (FLSA), and are not represented by a collective bargaining unit or classified as confidential employees.

II. Employee Compensation

A. Salary

1. Base Salary

The City Council adopts and publishes a salary schedule for all authorized classifications. The City Manager may set employee salaries at any point in the City Council adopted range. Salaries for employees in this plan do not automatically adjust when City Council amends the salary schedule.

A salary structure for unrepresented management employees was implemented in March 2018 establishing a tiered structure grouping classifications together based on factors including span of control, level of supervision, and specialized education. The tier structure that was established identified a “benchmark” group of classifications (classifications at the Department Director level). The tier structure includes six (6) tiers with fixed salary ranges and appropriate differentials between each tier. The salary ranges are the same for each classification within the same tier. The salary ranges for the tiers are based on the “benchmark” tier (Tier 4 – Department Directors) and the other tiers are set at a certain percentage either above or below the benchmark. The six-tier structure was intended to provide a more equitable salary structure that considers the relative depth and breadth of responsibility and expertise required of the classifications in each tier.

The salary ranges for each tier were designed to have “broad band” or “open” ranges with set minimums and maximums. The methodology for pay increases for classifications that have broad band ranges is based on merit and can be any percentage increase within the range limits.

Unless otherwise amended by the City Council, salary ranges for all classifications in each tier shall be adjusted by a six percent (6%) increase effective November 19, 2023.

Management Tier	Classification	% +/- Benchmark
Tier 6	City Manager	20% above
Tier 5	Assistant City Manager, Police Chief	10% above
Tier 4	Deputy City Manager, Department Directors, Police Commanders	Benchmark
Tier 3	Assistant Directors	20% below
Tier 2	Finance & Budget Manager, Human Resources Manager, Information Technology Manager, Public Works Superintendent, Library & Community Services Manager, Planning Manager, Public Engagement Manager, Building Official	25% below
Tier 1	Assistant to the City Manager/City Clerk, Housing Manager, Economic Development Manager, Sustainability Manager	30% below

2. Performance Evaluations

Employees shall receive periodic evaluations to assess and document performance and expectations. Upon completion of an employee's periodic performance evaluation, the City Manager, or designee, may award a merit based salary increase that is within the City Council adopted salary schedule and commensurate with the employee's performance.

3. Bonus Program

Subject to annual budget appropriations, the City Manager may award one-time bonuses to employees in an amount not to exceed \$20,000 per employee per fiscal year.

4. Salary Administration

Employees covered by the Unrepresented Management Compensation Plan are salaried employees, exempt from the Fair Labor Standards Act (FLSA), and are not eligible for overtime pay. The City's payroll cycle distributes pay on a biweekly basis and includes twenty-six (26) pay periods each calendar year. Salary payment is made by dividing the employee's annual salary by twenty-six (26). For each pay period, employees shall be paid on an exception basis whereby, unless directed by the employee's supervisor to keep detailed accounting of hours worked, the employee is only required to report paid time off and not hours worked.

B. Group Insurance

1. Health Plan

The City shall pay 100% of health premium costs on behalf of employees and their eligible dependent(s) as provided for under the California Public Employees' Retirement System (CalPERS) medical program and as approved by the City Council. Participation in the medical plan of choice under CalPERS is subject to the limits of the City of Menlo Park's agreement with CalPERS.

2. Dental Insurance

The City will pay 100% of premiums for dental insurance through Delta Dental or a similar plan administrator.

3. Life Insurance

The City will pay 100% of premiums for Life Insurance coverage of 150% of annual earnings up to a maximum benefit of \$350,000. Employees may elect to purchase additional life insurance through the City's insurance carrier.

4. Vision Insurance

The City will pay 100% of basic plan premiums for vision insurance through Vision Service Plan (VSP) or a similar plan administrator. Employees may elect to purchase additional vision insurance through the City's insurance carrier.

5. Long Term Disability (LTD) Insurance

The City will pay 100% of premiums for LTD insurance, which provides up to 66.67% of salary up to the state maximum per month for illness or injury which extends beyond forty-five (45) calendar days.

6. Accidental Death and Dismemberment (AD&D) Insurance

The City will pay 100% of premiums for AD&D insurance at the level of 150% of annual earnings up to a maximum benefit of \$350,000.

7. Optional Insurances

Employees have the option of purchasing insurances made available to other employees but not specifically provided for in this document.

C. Additional Benefits

1. Employee Assistance Program (EAP)

Employees and eligible dependents have access to a variety of low/no-cost services through the City's EAP provider, Concern, or a similar provider. Services include short-term counseling, parenting and childcare services, legal services, financial services, and eldercare referral services.

2. Health Reimbursement Arrangement and Flexible Spending Account Benefits

The City shall contribute \$2,500 per calendar year (prorated for new/promoted employees during the first year of employment or employees in a leave without pay status) to a Health Reimbursement Arrangement (HRA) account to be used for qualifying healthcare expenses incurred by the employee or eligible dependent(s). Any funds which are unused will roll over into the following year. The City will comply with all applicable IRS regulations in the administration of the HRA benefit.

Employees are eligible to participate in the City's Flexible Spending Account (FSA) benefit plan, which is funded with employee contributions only. The City will comply with all applicable IRS regulations in the administration of the FSA benefit.

3. Auto Allowance

Employees who are not assigned a City vehicle shall receive an auto allowance of \$263 per pay period. This allowance shall be adjusted annually by the Consumer Price Index¹.

4. Uniform Allowance

Unrepresented sworn employees shall receive a uniform allowance of \$53 per pay period. This allowance shall be adjusted annually by the Consumer Price Index¹.

5. Education Reimbursement

Subject to annual budget appropriations by the City Council, the City shall provide education reimbursement in an amount not to exceed \$3,600 per year per employee for the following education expenses:

- A. Tuition expenses for classes or programs taken in pursuit of a degree program, certificate program, or other education that enhances the employee's service to the community. This reimbursement may be subject to applicable tax withholdings.
- B. Student loan payments incurred in the pursuit of post-secondary education during or prior to employee's service to the City. This reimbursement is subject to applicable tax withholdings and any legislative sunset provisions.

¹ Annual adjustments occur the first full pay period of July of each year and are calculated based on the change in Consumer Price Index All Urban Consumers (CPI-U) for the San Francisco – Oakland – San Jose region as measured from February to February. For administrative purposes, the per pay period amount shall be rounded up to the next dollar after the CPI-U adjustment is applied.

D. Bereavement Leave

An employee shall be allowed regular pay for not more than three (3) working days when absent because a death has occurred in the immediate family. This absence will not affect the employee's accrued General Leave or Management Leave banks. Employees shall also be entitled to take additional days off per instance of bereavement using the employee's eligible accrued leave (including General Leave or Management Leave), up to a maximum of five (5) days per instance of bereavement.

For purpose of Bereavement Leave, members of the immediate family shall be limited to the employee's spouse, domestic partner (as defined by state law), child (including stepchild), parent (including stepparent), parent-in-law, sibling (including step-sibling), grandparent, grandchild, or dependent of the employee.

E. Jury Duty and Witness Leave

Employees required to report for jury duty or serve as a witness on behalf of the City shall be granted leave with full pay until released by the court, provided the employee remits to the City all payments received from such duties.

F. Holidays

Employees are eligible for eight (8) hours of paid holiday leave for the holidays specified herein:

- New Year's Day, January 1
- Martin Luther King Day, Third Monday in January
- Washington's Birthday, Third Monday in February
- Memorial Day, Last Monday in May
- Independence Day, July 4
- Labor Day, First Monday in September
- Veterans Day, November 11
- Thanksgiving, Fourth Thursday in November
- Day after Thanksgiving, Fourth Friday in November
- Christmas Eve, December 24
- Christmas Day, December 25

Holidays may be observed on a different date if they fall on a closed Friday, Saturday, or Sunday. Holidays may also be observed on different dates if they fall during other City Hall closures. At the City Manager's discretion, City Hall may close for the business days between Christmas Day and New Year's Day and employees have the option of taking unpaid leave or using accrued leave balances during those days.

G. General Leave

Employees accrue General Leave to provide for paid time off, in accordance with City-wide leave policies, for any purpose required by the employee and takes the place of traditional vacation leave, sick leave, and floating holiday leave.

1. Accrual

General Leave accrues at the rate of 13.0 hours biweekly. The maximum number of hours which may be accrued is 1,200 hours. Accrual will be frozen upon reaching the maximum.

General Leave for employees who work less than full-time shall be prorated on the basis of hours worked as compared to full-time employment.

Upon promotion from a represented or confidential classification, the promoted employee's vacation leaves as of the date of promotion converts to General Leave. The employee's sick leave balance as of the date of promotion shall be frozen sick leave for use by the employee for eligible sick events in lieu of other paid time off. Compensatory time and Floating Holiday will be cashed out at the employee's rate of pay prior to promotion.

The City Manager may, as a recruitment tool, award newly hired employees up to 80 hours of General Leave.

2. Annual Cash-out

Employees may elect to cash out up to 120 hours of accrued General Leave annually in accordance with the General Leave Cash-out policy.

3. Separation Cash-out

Upon separation from City service, accrued General Leave may be taken in a cash payment.

4. Conversion to Retirement Health Credits

Eligible employees hired by the City on or before October 22, 2011, and retiring from the City of Menlo Park may elect to convert up to 900 hours of General Leave, not otherwise converted to cash, to Retirement Health Credits (RHCs). RHCs may only be applied to a CalPERS-sponsored health plan, and there must be no break in coverage between the time of retirement and the exhaustion of the RHC benefit.

General Leave hours are converted to RHCs in accordance with the following formulas:

Years of Service	# of General Leave Hours	Conversion of hours to RHCs
5 to 14.9	8	1
15 to 19.9	6	1
20+	3	1

Premium coverage is calculated in accordance with the following formulas:

Level of Coverage	RHCs Required for One Month of Coverage
Retiree only	1
Retiree +1 dependent	2
Retiree +2 or more dependents	3

Employees hired by the City after October 22, 2011, are not eligible for retiree health benefits except for the minimum employer contribution prescribed by CalPERS.

H. Management Leave

Effective the first full pay period of October of each year, employees shall be granted 80 hours of Management Leave. Management Leave carries no cash value and any unused balance as of the final full pay period of September shall not carry over beyond that pay period. Employees hired after the first pay period of October shall be granted a prorated amount of Management Leave at the rate of 3.0769 hours per pay period remaining before the next full pay period of October.

I. Retirement

Effective July 2, 2000, the City implemented Employer Pick-up, Internal Revenue Code 414 (h) (2), for the administrative staff, and the City pays none of the employee's contribution to the California Public Employees' Retirement System (CalPERS). Employees are required to pay a portion of the employer's required contribution. Employees must refer to CalPERS rules and regulations to determine their status as a "Classic" or "New" member.

1. Pension for Miscellaneous/Non-Sworn

Employees in non-safety classifications are enrolled in CalPERS as follows:

Tier	CalPERS Member status and hire date	Benefit Formula	Final Compensation Basis	Base Employee Contribution <small>(In addition to cost sharing see Section I.3)</small>
1	Classic Member: Hired at Menlo Park before February 12, 2012	2.7% @ 55	Single highest year	8%
2	Classic Member: Hired at Menlo Park on or after February 12, 2012	2.0% @ 60	Final 36-month average	7%
3	New Member: Hired on or after January 1, 2013	2.0% @ 62	Final 36-month average; capped at an amount adjusted by CalPERS annually	½ normal cost; adjusted annually

2. Pension for Safety/Sworn

Employees in sworn safety classifications are enrolled in CalPERS as follows:

Tier	CalPERS Member status and hire date	Benefit Formula	Final Compensation Basis	Base Employee Contribution <small>(in addition to cost sharing see Section I.3)</small>
1	Classic Member: Hired at Menlo Park before November 20, 2011	3.0% @ 50	Single highest year	9%
2	Classic Member: Hired at Menlo Park on or after November 20, 2011	3.0% @ 55	Highest 36-month average	9%
3	New Member: Hired on or after January 1, 2013	2.7% @ 57	Highest 36-month average; capped at an amount adjusted by CalPERS annually	½ normal cost; adjusted annually

3. Employer Rate Cost Sharing

As originally established, if the employer rate for the miscellaneous plan rose above 15.850% for a given formula in any year, the increase would be shared equally between the employee and the employer.

As an example, if the employer rate for a given year is 16.850%, the 1.0% increase above 15.850% is split equally between the City and employee resulting the City's share equaling 16.350% (15.850% + 0.500%) and the employee shall pay 0.500% in addition to the fixed employee contribution percentage as set by CalPERS; regardless if the employee is safety or non-safety).

Recently, that rate has risen so that employees are paying 6.045% of the City's Contribution ("Member-Paid-City Contribution"). Therefore, effective November 19, 2023, the Member-Paid-Employer Contribution will be reduced to 2.045%. Effective July 1, 2024, the Member-Paid-Employer Contribution will be reduced to zero.

4. Retiree Health Benefits

The City contracts with CalPERS under the Public Employee Medical and Hospital Care Act (PEMHCA) for medical insurance. Basic retiree health benefits are provided in accordance with PEMHCA to all retired annuitants. Additional benefits are provided to employees hired on or before October 20, 2011, as detailed in the General Leave section of this benefits document.

J. Deferred Compensation

Employees may elect to participate in the Deferred Compensation 457(b) plan(s) sponsored by the City.

In addition, the City will match contributions for employees at a ratio of 1:1 for up to 4% of the plan participant's salary, calculated on a bi-weekly basis, for employees enrolled in the Tier 2 or Tier 3 pension benefit plans.