

COMPENSATION AND BENEFITS PLAN

BETWEEN

THE CITY OF TRACY

AND

THE DEPARTMENT HEADS

July 1, 2025 through June 30, 2029



Think Inside the Triangle™

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Department Heads
July 1, 2025 through June 30, 2029
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**CITY OF TRACY
DEPARTMENT HEADS
COMPENSATION AND BENEFITS PLAN
July 1, 2025 – June 30, 2029**

Section 1. Purpose and Intent

The City Council has established a Department Heads Compensation and Benefits Plan. Department Heads are exempt from the Fair Labor Standards Act (FLSA), are at will employees, and serve at the pleasure of the City Manager. They are covered by the authority of the Personnel Rules and Regulations, however, they are not subject to the grievance or appeals procedure. The City Manager is empowered to grant compensation adjustments as specified in the Department Heads Compensation and Benefits Plan.

The City of Tracy is desirous of providing greater service to its citizens, and of recruiting and maintaining qualified Department Head staff. The following plan provides the basis for recognition, benefits, and compensation, effective July 1, 2025 through June 30, 2029.

Section 2. Department Heads Unit Membership

Positions covered by this plan exclusively are as follows:

- Assistant City Manager
- Chief Innovation Officer
- Director of Community & Economic Development
- Director of Finance
- Director of Human Resources
- Director of Public Works
- Director of Parks, Recreation & Community Services
- Police Chief

Section 3. Compensation

A. Salary Plan

There shall be a minimum and maximum salary for all classifications.

All rates of pay set forth in this Section represent the standard rate of pay for full-time employment for each classification. Employees occupying a position in a classification covered by this Plan shall be paid at a base salary within the range established for that position's classification.

The salary ranges for all classifications covered in the plan shall be increased as outlined in this Section.

1. Cost of Living Adjustments

Effective June 29, 2025, all classifications will receive a five percent (5%) salary increase. All employees in this unit employed on or before the date of Council approval shall receive a

one-time (non-persable) lump sum payment in the amount of \$16,929.55. Employees may elect to receive the lump sum payment as a direct payment, a contribution to their deferred compensation account, or a combination of both, subject to applicable laws and plan limits.

Effective June 28, 2026, all classifications will receive a four percent (4%) salary increase.

Effective June 27, 2027, all classifications will receive a four percent (4%) salary increase.

Effective June 25, 2028, all classifications will receive a four percent (4%) salary increase.

2. Market/Equity Adjustments

Effective June 29, 2025, the classifications of Police Chief will receive a six point eight percent (6.8%) equity increase.

B. Components of Salary

The City Manager is authorized to set the salary of Department Heads at any point within the salary range.

1. Base Salary

This is the amount set at any point within the range at initial appointment and will be subject to adjustment until the Department Head reaches the top of the range. Base salary may be adjusted on an annual basis by the City Manager, based on meritorious performance, but not to exceed the established range.

C. Deferred Compensation

A contribution to the Department Head's Deferred Compensation Plan will be made in the amount of five percent (5%) of the Department Head's annual salary. City paid deferred compensation to a Department Head shall be paid to a 401a Plan.

Section 4. Leave

A. Vacation Accrual

Employees accrue vacation based upon continuous months of service per pay period as follows:

| Months of Continuous Employment | Accrued Hours |
|---------------------------------|---------------|
| 0 to 59 | 4.61 |
| 60 to 119 | 6.15 |
| 120 to 179 | 7.69 |
| 180 to 239 | 8.46 |
| 240 + | 9.23 |

B. Management Leave

In recognition of the need to devote more than forty (40) hours per week to their duties, employees receive one-hundred forty (140) hours of management leave annually in the first pay period in January. Management leave is accrued in a management leave accrual bank. Employees may cash out management leave at any time during the year; any remaining management leave is paid to the employee annually on the last regular paycheck in the month of December or upon separation.

C. Floating Holidays

Employees accrue sixteen (16) hours of vacation in lieu of floating holidays annually on the first pay period in January.

D. Proclaimed Holidays

The City observes holidays proclaimed by the Governor of the State of California or the President of the United States that are approved by the City Council.

E. Maximum Accumulation of Leave

The maximum accrual for Department Heads of vacation and management leave combined shall be 750 hours.

F. Leave Sell-Back

On November 1 of each year, an employee may make an irrevocable election to cash out vacation that will accrue in the next calendar year prior to December. The employee can elect to receive up to 50% of the cash-out on the second pay period in July, and the remainder on the first pay period in December.

G. Sick Leave Accrual

Employees accrue three point six-nine (3.69) hours of sick leave per pay period with no limit.

H. Sick Leave Usage

Sick leave is to be used in accordance with the Sick Leave Policy. Employees may utilize up to one-half (1/2) of their annual accrual of sick leave for the care of their immediate family as defined in the Sick Leave Policy.

I. Retiree Health Program

1. Conversion of Sick Leave Balance Upon Retirement for employees hired on or before December 31, 2014, with continuous city service

Employees hired on or before December 31, 2014, with continuous city service, who retire from the City of Tracy, shall convert the balance of the accrued sick leave at the time of

retirement to a retiree health savings account through MissionSquare Retirement. The value of the retiree health savings account shall be determined by multiplying the number of accrued sick leave hours by the Department Head's hourly rate of pay at the time of retirement.

2. Initial Conversion for employees hired on or after January 1, 2015

Upon promotion to the Department Head unit, if employee has not converted sick leave accrual to a City of Tracy retiree health savings account from the previous bargaining unit, the employee shall at time of promotion, convert the balance of sick leave accrual in excess of two-hundred forty (240) hours to a retiree health savings account through MissionSquare Retirement. The value of the City's contribution shall be seventy-five percent (75%) of the number of accrued sick leave hours in excess of two-hundred forty (240) hours at time of promotion multiplied by the Department Head's hourly rate of pay at time of promotion.

3. Regular City Contribution for employees hired on or after January 1, 2015

Employees hired on or after January 1, 2015, with a balance of less than two-hundred forty (240) accrued sick leave hours on December 31st of each calendar year are not eligible for a city contribution to the retiree health savings account for that calendar year. The balance of the accrued sick leave will remain in the employee's accrued sick bank.

For employees hired on or after January 1, 2015, the city will contribute the value of the annual sick leave accrued in the calendar year remaining on December 31st of that calendar year, up to a maximum of forty-eight (48) hours to the employee's retiree health savings account through MissionSquare Retirement. The value of the City's contribution shall be 50% of the remaining annual sick leave accrual hours, up to a maximum of 48 hours, multiplied by the Department Head's current hourly rate of pay. Sick leave accrual hours remaining on December 31st of each year, beyond the forty-eight (48) hours converted on the retiree health savings account, will remain in the employee's sick leave accrual bank.

a. Regular Employee Contributions

Employees hired on or after January 1, 2015, in the Department Head unit shall contribute to their MissionSquare retiree health savings account through a deduction of 1.00% of employee's earning per pay period, prior to applying taxes.

4. Conversion of Sick Leave Balance Upon Death/Termination

Upon death, an active employee's estate shall receive straight-time pay for all accrued sick leave in excess of 960 hours.

If a Department Head voluntarily resigns or is terminated for any reason, all accumulated sick leave shall be canceled. Such accumulated sick leave, however, shall be credited to such employee if they return to City employment within two years of such resignation or termination.

J. Bereavement Leave

In the event of a death in the immediate family of an employee, an employee may use five (5) days up to forty (40) hours of paid bereavement leave in accordance with the Bereavement Leave Policy. In the event of a death of a relative, not a member of the immediate family, absence from duty shall be allowed for one (1) paid day, not to exceed eight (8) hours. Such absences shall not be charged to sick leave.

The immediate family of an employee is defined in the Bereavement Leave Policy

Section 5. Benefits

A. Determined by City Manager

Department Heads shall receive benefits based on the maximum granted to represented and unrepresented employees, or other reasonable basis, as determined by the City Manager.

B. CalPERS Retirement Formula *(Amended by Resolution 2010-152)*

1. Miscellaneous (Non-Public Safety) Department Heads

Miscellaneous employees hired on or after January 1, 2013 and who qualify as “new employees” under the Public Employees’ Pension Reform Act (“PEPRA”) shall receive average of three (3) consecutive highest years and the two percent at 62 (2% @ 62) benefit formula provided through the California Public Employees’ Retirement System (CalPERS).

Miscellaneous Department Heads hired on or after December 17, 2010 and on or before December 31, 2012, shall receive the average of three (3) consecutive highest years and the two percent at 55 (2% @ 55) benefit formula provided through the California Public Employees’ Retirement System (CalPERS).

Miscellaneous Department Heads hired on or before December 16, 2010 shall receive the single highest year and the two and one half percent at 55 (2.5% @ 55) benefit formula provided through the California Public Employees’ Retirement System (CalPERS).

2. Police Chief: Public Safety Department Head

Police Chiefs hired by the City of Tracy on or before July 1, 2010 shall receive single highest year and the three percent at 50 (3% @ 50) retirement formula provided through the California Public Employees’ Retirement System (CalPERS).

Police Chiefs hired by the City of Tracy on or after July 2, 2010 meeting the CalPERS definition of a “classic employee” shall receive single highest year and the three percent at 55 (3% @ 55) retirement formula provided through the California Public Employees’ Retirement System (CalPERS).

Police Chiefs hired on or after January 1, 2013 meeting the definition of “new member” under PEPR shall be subject to all the provisions of that law, including, but not limited to the two point seven percent at 57 (2.7% @ 57) retirement formula with a three-year final compensation period.

C. CalPERS Retirement Benefit

The City agrees to continue to pay the employer contribution for the City’s CalPERS retirement benefit.

Miscellaneous employees hired on or before December 16, 2010 and under the first-tier CalPERS retirement formula (2.5% at 55), shall pay the 8% employee contribution towards employee statutory share of CalPERS retirement during the term of this Agreement.

Miscellaneous employees hired after December 16, 2010 and on or before December 31, 2012, under the second-tier CalPERS retirement formula (2% at 55), shall pay the 7% employee contribution towards employee statutory share of CalPERS retirement during the term of this Agreement.

Miscellaneous employees hired on or after January 1, 2013 and meeting the definition of “new member” under the Public Employees’ Pension reform Act (PEPR) shall be subject to all the provisions of that law, including, but not limited to the 2% @ 62 benefit formula provided through the Public Employees’ Retirement System (CalPERS) with a three-year final compensation period and shall pay the employee contribution required by PEPR, currently calculated at fifty percent (50%) of the normal cost.

Safety employees hired by the City and meeting the definition of “classic member” under the Public Employees’ Pension Reform Act shall pay the 9% of salary employee contribution toward employee statutory share of CalPERS retirement.

Safety employees hired by the City on or after January 1, 2013 meeting the definition of “new member” under the Public Employees’ Pension Reform Act shall be subject to all the provisions of the law, including, but not limited to the two point seven percent at age 57 (2.7% @ 57) retirement formula with a three-year compensation period and shall pay the employee contribution required by the Public Employees’ Pension Reform Act, currently calculated at fifty percent (50%) of normal cost.

D. Short Term Disability Insurance (STD)

Short Term Disability insurance is required for all regular employees in the Department Head Unit through Standard Insurance with the premium paid by employees per pay period at the current rate of .83% of employee’s earnings, prior to applying taxes.

Short Term Disability Insurance payments may be available to employees who cannot work because of sickness or non-work-related injuries as determined by the STD insurance provider. STD payments shall be integrated with accumulated sick and vacation leave balances unless the employee elects in writing at the time of disability, to retain STD payments and receive no supplemental income (paid leave) from the City.

To the extent accumulated sick leave or vacation leave is available; the employee will continue to receive normal paychecks. Payments received from the insurance carrier shall be turned in to the City. When such checks are received by the City, a portion of the employee's next paycheck, equal to the amount turned in, shall be recorded as nontaxable pay and sick leave shall be charged only for the amount of the City's share of the paycheck.

In no case may an employee receive more income than the amount of their normal pay. Employees must turn in checks received from the insurance carrier to the City, unless the employee elected in writing, at the time of the disability, of the employee's choice not to receive paid leave.

E. Long Term Disability Program (LTD)

City paid Long Term Disability insurance shall be provided to all Department Heads.

F. Annual Physical

An annual physical examination shall be provided by the City, if desired and requested by a Department Head.

G. Education Reimbursement

Upon City Manager or designee approval, an employee who completes a course of study and receives a grade of "C" or better may be reimbursed for books, and tuition for courses taken at accredited colleges or universities in California, up to a maximum of \$5,000.00 per year to a lifetime maximum of \$20,000.00.

H. Travel

Administrative Procedure, Section T – Travel Expenses, shall be used to reimburse mileage expenses incurred when using a personal vehicle for City business. Department Heads shall not receive mileage reimbursement, in accordance with Administrative Procedure Section T – Travel Expense, unless the one-way mileage from the City of Tracy work site to the final destination exceeds 75 miles. In such circumstances, the Department Head may apply for reimbursement for mileage above the initial 75 miles.

I. City Vehicle/Allowance

Department Heads shall be provided with either a City vehicle or a car allowance of \$500 per month, prorated per pay period.

J. Insurance

1. Medical Plans Provided

The City offers medical insurance. During the term of this agreement the City reserves the right to change medical providers and the parties shall meet and discuss regarding such change. New employees hired on or after December 1, 2007 shall be required to select a

medical plan for at least the employee and are not eligible for cash benefits except as may be required by provisions of the IRS regulations covering Flexible Benefits plans.

2. Dental

The City shall offer dental insurance coverage for full-time employees and their eligible dependents through the existing providers.

3. Vision

The City shall make available vision care benefits for full-time employees and their eligible dependents through the existing providers.

4. Life Insurance

The City shall purchase life insurance in the amount of \$225,000 for each Department Head.

5. Cafeteria Plan

a. City Contributions

The City shall maintain an account for each full-time employee in regular or probationary status within the City's cafeteria plan. The City shall make monthly payments of no more than the annual maximum amount for the employee's benefit level, either family, employee plus one, or employee only to each employee's account.

b. Cash Out Options

For employees hired before December 1, 2007, the maximum cash payment shall be set at \$996.00 per month for employees who do not elect a medical, dental, and/or vision plan. For employees hired on or after December 1, 2007, each employee shall be required to select a medical plan and the cash payment shall be limited to the minimum required by law (if any).

c. Future Contributions

If premiums increase in the plans to which City employees subscribe effective January 1, 2026, and each January thereafter during the term of this Agreement, the City will increase the City's monthly contribution for employees by 75% of the average of the dollar increase of the family HMO plan premiums for employees electing family coverage.

For employees who elect employee only or employee plus one coverage, any City increase to the employee's account shall be limited to the amount necessary to fully cover the plan selected or up to a maximum of the dollar amount increase allocated

to employees who elect family coverage. There shall be no increase for employees who do not elect health insurance coverage.

In the event the above listed amounts are insufficient to fully pay the premiums required of employees enrolled in any one of the medical insurance plans, the City shall make a payroll deduction from the employee's pay to cover the difference in cost.

d. Approved Account Uses

The monies in an employee's account shall be used for one or more of the following purposes only: 1) payment of premium charges for the medical insurance program in which the employee is enrolled, 2) payment of premium charges for the dental insurance program in which the employee is enrolled, and/or 3) payment of premium charges for the vision insurance program in which the employee is enrolled. The City also independently funds life insurance premiums through each employee's account.

Each employee shall provide the Personnel Officer or Human Resources designee in writing on a form provided, and at times designated by the City each year, all information necessary to administer the Cafeteria Plan during the 12-month period beginning the first day of each plan benefit year. Thereafter, no changes to designations so made will be allowed until the following open enrollment period without a qualifying event.

Each employee shall be responsible for providing immediate written notification to the Personnel Officer or Human Resources designee of any change to the number of their dependents which affects the amount of the City payment on behalf of the employee. Changes in Cafeteria Plan payments required because of a change in an employee's number of dependents shall take effect at the start of the first pay period in the month next following the month in which advice from the employee is received by the Personnel Officer or Human Resources designate. No retroactive payments shall be allowed.

e. Flexible Benefits Plan (IRS Section 125)

The City has implemented an Internal Revenue Code Section 125 Plan to redirect employees' pre-selected amount of base salary to pay employee paid insurance premiums and other approved expenses. The City will not treat these monies as compensation subject to income tax withholding unless the Internal Revenue Service or the Franchise Tax Board indicates that such contributions are taxable income subject to withholding. Each employee shall be solely and personally responsible for any federal, state or local tax liabilities of the employee that may arise out of the implementation of this section or any penalty that may be imposed therefore.

K. Management Benefit Plan

The allowance for management benefits is thirty-six dollars and ninety-two cents (\$36.92) per pay period and may be utilized at the discretion of each individual Department Head for job related expenses or for professional development. The monies will be allocated per pay period and may be utilized for a wide variety of job-related expenses, training, association memberships, computer hardware and software, conference registration and attendance, and other miscellaneous job expenses or professional development opportunities.

L. Uniform Allowance

The City shall provide the Police Chief a uniform allowance in the amount of \$1,100 per year.

The uniform allowance described above shall be paid at forty-two dollars and thirty cents (\$42.30) per pay period. In the case of a newly appointed employee, the employee shall receive the initial allowance the regular payday following the date of their appointment, and subsequent annual allowances as noted above, prorated/adjusted in the first year after appointment to reflect the receipt of the full uniform allowance received on the payday following appointment.

M. Relocation Incentive

Department Heads wishing to relocate to a residence within the City of Tracy may receive relocation expense reimbursement of up to \$5,000 at the City Manager's discretion.

Section 6. Severance

A. Determined by City Manager

The City Manager, at their discretion, is authorized to enter into severance agreements with Department Heads if they involuntarily resign or are terminated by the City, for up to six (6) months of severance pay.

B. Severance Pay

"Severance Pay" shall include the cash equivalent to salary and city paid health benefits/premiums including cash in lieu of medical, dental and vision premiums. Severance pay shall be paid in a lump sum payment to the Department Head by the City within 15 working days after the effective date of the severance agreement, or as agreed to by the City and the Department Head. Severance pay shall not be included in final compensation for the purposes of CalPERS retirement nor shall any payments of the employee's share of the CalPERS rates be deemed to extend the date of separation past termination or resignation of the employee.

C. Waiver and Release

All severance agreements must contain a release of liability for all claims connected with the employment relationship and must be in a form approved by the City Attorney.