RESOLUTION NO.____

RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO
ADOPTING A COMPENSATION PLAN FOR FIRE CHIEFS’
ASSOCIATION PERSONNEL AND RESCINDING RESOLUTION
NO. 8511

The Council of the City of Palo Alto does RESOLVE as follows:

SECTION 1. Pursuant to the provisions of Section 12 of Article III of the
Charter of the City of Palo Alto, the Fire Chief's Association Compensation Plan, as set forth in
Exhibit “A” attached hereto and made a part hereof by reference, is hereby adopted for Fire
Chiefs’ Association Personnel effective retroactively to the pay period including July 1, 2006
through June 30, 2010.

SECTION 2. The Compensation Plan as adopted shall be administered by the
City Manager in accordance with the Merit System Rules and Regulations.

SECTION 3. The Compensation Plan shall continue in effect until amended or
revoked by the Council.

SECTION 4. The Director of Administrative Services hereby is authorized to
implement the Compensation Plan adopted herein in his preparation of forthcoming payrolls.

SECTION 5. Resolution No. 8511 is hereby rescinded.

SECTION 6. The Council finds that this is not a project under the California
Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED: September 15, 2008

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

Deputy City Attorney

APPROVED:

City Manager

Director of Administrative Services

Director of Human Resources
CITY OF PALO ALTO

COMPENSATION PLAN

Fire Chiefs' Association

Management Personnel

Effective: Pay period including July 1, 2006 through June 30, 2010
COMPENSATION PLAN FOR THE CITY OF PALO ALTO

Fire Chiefs Association Management Personnel

SECTION I. COMPENSATION

This section applies to all regular Fire Chief Association management classifications including Battalion Chief, Emergency Medical Services Chief, and Emergency Medical Services Coordinator.

A. Management Compensation Policy

The City's policy for Management Compensation is to establish and maintain a general structure based on marketplace norms and internal job alignment with broad compensation grades and ranges. Structures and ranges will be reviewed annually and updated as necessary based on marketplace survey data, internal relationships, and City financial conditions.

Individual compensation adjustments will be considered by the City Manager based on (1) performance factors including achievement of predetermined objectives; (2) pay structure adjustments; and (3) City financial conditions.

B. Basic Plan Elements

Structure. The compensation plan includes a pay grade structure for each classification. Each classification assigned to a pay grade will receive compensation which is no less than 25% below the control point and no more than 20% above the control point. Actual salary within the range is determined by performance. The normal working range where most actual salaries will fall will be within $\pm$ 5% of the control point.

As needed, the entire pay grade structure may be adjusted or individual classifications may be reassigned to different pay grades. Such adjustments will only affect the salary administration framework. No individual salaries will be automatically changed because of structural adjustments.

Fixed and Variable Compensation. Management compensation includes fixed bi-weekly salary and Variable Management Compensation (VMC). Fixed bi-weekly salary is paid on a continuing basis. Variable Management Compensation is an annual cash award in an amount not to exceed 20% of the position control point. On a fiscal year basis, the sum of both compensation components must fall within pay
grade limits of no less than 25% below the control point and no more than 20% above the control point.

Fixed salary increases may be earned in accordance with administrative guidelines based on growth within the position and performance which meets or exceeds position standards. In addition, employees may earn Variable Management Compensation by meeting or exceeding objectives established under the annual performance planning and appraisal system. Variable Management Compensation requalification is necessary for each appraisal period.

Compensation Adjustment Authorization. Each year the City Manager will propose for Council approval a compensation adjustment authorization which will include amounts sufficient to implement base pay increases and Variable Management Compensation.

Salary Range Adjustments.

a. Effective with pay period including July 1, 2006, a 4% increase will be applied to the control point of all represented classes.

b. Effective with pay period including July 1, 2007, a 3% increase will be applied to the control point of all represented classes.

c. Effective January 1, 2008, the City shall add twelve thousand dollars ($12,000) to the annual base rate of 56-hour Battalion Chiefs ($4.12) per hour based on a 2912 hour work year.

d. Effective with pay period including January 1, 2008, a three percent (3%) increase will be applied to the control point of all represented classes after application of the increase set out in subsection (c) of this section.

e. Effective with pay period including July 1, 2009, a four percent (4%) increase will be applied to the control point of all represented classes.

Compression Between Battalion Chief and Captain
During the term of this agreement a 16% differential will be maintained between E-step Captain and Battalion Chief 56-hour workweek control point.

40-hour shift workweek differential
Employees assigned to a 40-hour workweek schedule will be paid a differential of five percent (5%) of base salary in-lieu of holiday pay differential which 56-hour shift Battalion Chiefs receive.
Out of County Strike Team Pay
The City will pay an employee sent on out of County strike team duty a flat twelve hundred dollars ($1200) wage payment beyond the employee’s normal salary for twenty-four hour shift of such duty per non-regular work hours if the City receives reimbursement from the state or federal government for the labor costs incurred by the City for such expenses. Payment for partial shifts on such duty shall be prorated. For 40-hour shift Battalion Chief payment for non-regular work hours will be prorated. A Personnel Action Form will be completed in a timely manner to process this payment.

Performance Planning and Appraisal
Performance planning and appraisal will be conducted at least annually by the Fire Chief prior to reviewing individual employee fixed and variable compensation. This process includes both review of previous performance plan and preparation of the performance plan for the next planning period (usually the fiscal year). Performance plans are jointly prepared by the employee and supervisor with the concurrence of the Fire Chief. The performance plans shall contain measurable objectives which place special emphasis on position description duties or specific assignments. Progress toward meeting objectives shall be monitored periodically. At the conclusion of the fiscal year (or review period), supervisors shall make a final determination of general performance and performance plan achievement. Such determinations and recommendations shall be forwarded to the Fire Chief who will then determine individual fixed and variable compensation adjustments according to the provisions of the compensation plan.

C. Management Compensation Adjustment Authorization

1. The City Manager is authorized to pay salaries in accordance with this plan to management employees in an amount not to exceed the aggregate of approved positions budgeted at the control points indicated in the attached Table. In addition, for each fiscal year the City Manager is authorized up to 3% of the management salary and benefit budget for the fiscal year, plus unused Variable Management Compensation funds from the previous fiscal year to apply toward Variable Management Compensation for individual management employees who qualify under the provisions of this Compensation Plan.

2. Individual management fixed and variable compensation authorized by the City Manager under this Compensation Plan may not be less than 25% below nor more than 20% above the control point for the individual position grades authorized in the Tab of this plan.

3. The City Manager is authorized to establish such administrative rules as are necessary to implement this Compensation Plan subject to the limitations of the
approved compensation adjustment authorization and the approved grade and control point structure.

4. In the event a downward adjustment of a position grade assignment indicates a reduction in the established salary of an individual employee, the City Manager may, if circumstances warrant, continue the salary for such employee in an amount in excess of the revised grade limit for a reasonable period of time. Such interim salary rates shall be defined as "Y-rates."

SECTION II. SPECIAL COMPENSATION

This section applies to covered classifications as specifically indicated. Eligibility shall be in conformance with the Merit Rules and Regulations and Administrative Directives issued by the City Manager for the purposes of clarification and interpretation.

A. Overtime

Through December 31, 2007, employees in the FLSA exempt Battalion Chief classifications will be paid overtime at the rate of time and one-half for hours authorized and worked in excess of the work week schedule (56 hours). Shift personnel assigned to overtime relief duty shall receive overtime compensation at a rate of one and one-half times the employee’s basic 56-hour rate for all hours of the relief duty shift. Required off-duty training will be compensated at the rate of one and one-half times the basic 40-hour rate, and emergency callback will be compensated at the rate of one and one-half times the basic 40-hour rate to a maximum of eight hours, and at a rate of one and one-half times the basic 56-hour rate for those hours in excess of eight hours. All overtime hours must be pre-authorized by the Fire Chief or designee.

Effective January 1, 2008 employees in FLSA exempt positions as determined by the City in accordance with the FLSA, including but not limited to Battalion chiefs, are salaried employees and will not be eligible for overtime pay. Non-FLSA exempt personnel shall receive overtime compensation at the rate of one and one-half (1½) times the employee’s regular hourly rate of pay for all hours worked in excess of forty (40) hours in a workweek. All overtime hours must be pre-authorized by the Fire Chief or designee.

Effective July 1, 2008 an individual Battalion Chief shall not in any fiscal year be required to work more than four (4) shifts to fill a shift vacancy (arising due to another Battalion Chief’s absence or termination) that would have been compensated with overtime under the overtime provisions in effect prior to July 1, 2008. However, this limitation shall not apply in the event of a major emergency (e.g. earthquake, major
conflagration, weather disaster, etc.), nor shall it apply to required attendance of staff meetings, strike team meetings, training, or other such incidental non-shift activities.

The City may, at its discretion, assign and work a Fire Captain as a Battalion Chief to temporarily fill a vacant Battalion Chief position or to backfill behind an incumbent Battalion Chief on leave, or to perform duties that would otherwise involve a call-back of a Battalion Chief.

B. **Holidays**

56-Hour Work Week Assignments
149.5 hour is the total amount of holiday hours paid annually to an employee divided by 26 payroll periods which equals 5.75. Shift personnel shall receive pay in lieu of taking paid leave for accrued holidays. Such paid hours are in biweekly amount of 5.75 holiday hours. Holiday hours are prorated and accrued based on hours actually worked. If employees elect to be paid for these holiday hours at any time before the scheduled payoff they must have sufficient hours in their holiday account and must complete the Cash-out Request Form.

Accrued holiday balances of shift employees will be automatically paid off in the months of June and December.

40-hour Work Week Assignments
Employees assigned to a 40-hour workweek schedule will receive paid holidays in accordance with Sections 517 and 518 of the Merit System Rules and Regulations. The Emergency Medical Services Coordinator who works a schedule where a holiday falls on a regular day off, may, with supervisory approval, take another day off within the pay period or the following pay period.

C. **EMT Differential**

Represented classifications who maintain EMT certification will receive a 3% differential in addition to their base salary.

D. **Uniform Purchase Plan**

Uniforms including cleaning will be provided with replacement provisions on an as-needed basis in conformance with department policy.

E. **Group Insurance**
For newly-hired regular employees coverage begins on the first day of the month following date of hire for the health plan, dental plan, vision care plan, life insurance and long term disability plans if these benefits are elected.
1. Health Plan

a) Benefits will be provided in accordance with provisions of the California Public Employees Retirement System (CalPERS) Public Employers Medical and Health Act (PEMHCA) Health Plans. Monthly City-paid premium contributions for an employee-selected PEMHCA optional plan will be made to the maximum amount indicated in each category below through December 31, 2006. Effective January 1, 2007 the City will pay up to the monthly medical premium for the 2nd most expensive plan among the existing array of plans during the contract term. If CalPERS changes the plans it offers, the City and the Union will meet and confer over the City continuing to provide an equivalent benefit at an equivalent cost.

<table>
<thead>
<tr>
<th>Eligible Active Employees</th>
<th>Number of Parties Covered</th>
<th>Monthly City Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Only</td>
<td>Premium for plan selected Not to exceed the second most expensive plan</td>
<td></td>
</tr>
<tr>
<td>Employee Plus One</td>
<td>Premium for plan selected Not to exceed the second most expensive plan</td>
<td></td>
</tr>
<tr>
<td>Employee Plus Two or More</td>
<td>Premium for plan selected Not to exceed the second most expensive plan</td>
<td></td>
</tr>
</tbody>
</table>

During the term of this Agreement, if CalPERS no longer offers the PORAC health plan and, as a result, an affected employee enrolls in an alternative CalPERS health plan, the City will reimburse or provide insurance to such employee or his or her dependents for documented medical expenses incurred that exceed the two million dollar ($2,000,000) lifetime maximum, if any, provided that such expense would have otherwise been covered and paid by the health plan. Such reimbursement shall be made once per fiscal year.

b) Active Employee Domestic Partners

Active employee domestic partners whose domestic partnership is registered with the State of California will be eligible for medical benefits under this section. Active employee domestic partners whose domestic partnership is not registered with the state but who meet the requirements of the City of Palo Alto Declaration of Domestic Partnership, and are registered with the Human
Resources Department, are eligible for reimbursement of the actual monthly premium cost of an individual health plan, not to exceed the individual PORAC PPO monthly premium. Evidence of premium payment will be required with request for reimbursement.

c) **Alternate Medical Benefit Program**

If a regular employee and/or the employee’s dependent(s) are eligible for medical insurance through another employer-sponsored or association medical plan, and waives his/her right to the City of Palo Alto’s medical insurance coverage for same individuals. Employees electing alternative coverage and no City coverage will receive cash payments of approximately half of the “averaged monthly premiums” for their medical insurance coverage. “Averaged monthly premiums” are the average of the Kaiser HMO, Blue Shield HMO and PERS Choice PPO premiums for the employee’s City medical coverage available CalPERS.

The rates for 2006 are as follows:
- One Party: $205.00
- Two Party: $410.00
- Family: $530.00

The rates for 2007 are as follows:
- One Party: $230.00
- Two Party: $460.00
- Family: $595.00

The rates for 2008 are as follows:
- One Party: $250.00
- Two Party: $500.00
- Family: $645.00

The rates for 2009 are as follows:
- One Party: $260.00
- Two Party: $520.00
- Family: $673.00

The Alternative Medical Benefit Program rates for subsequent years covered by this agreement will be determined when CalPERS formally announces the health plan rates applicable for the year in which they are to apply.
d) Retiree Medical Provisions

Monthly City-paid premium contributions for a retiree-selected PEMHCA optional plan will be made in accordance with the Public Employees' Medical and Hospital Care Act Resolution for employees that retire on or before December 31, 2006. Effective January 1, 2007 the City will pay up to the monthly medical premium for the 2nd most expensive plan among the existing array of plans during the contract term. If CalPERS changes the plans it offers, the City and the Union will meet and confer over the City continuing to provide an equivalent benefit at an equivalent cost.

For the 2006 calendar year, the City’s contribution toward dependent coverage is 65% of the difference between the applicable “Employee and One Dependent” or “Family” maximum employer contribution for “Employee Only” coverage. For 2007 the City’s contribution was 70%. For 2008, the City’s contribution increased to 75%. This contribution for dependents will increase annual by 5% of the difference between the single party premium and the two-party or family premium, until such time as the premium of the affected dependent(s) is fully covered.

Retiree Medical coverage for Unit employees hired after January 1, 2004 shall be modified as follows:

a. Twenty (20) year vesting in CalPERS system for the full retiree medical benefit, specified in the preceding paragraph including a minimum of five (5) years with the City of Palo Alto.

b. Employees to receive fifty (50%) percent of benefit after ten (10) years; each additional service credit year after ten (10) years will increase employer credit by five (5%) percent until twenty (20) years is reached at which time employee is eligible for one hundred (100%) percent and ninety (90%) percent for dependents. Notwithstanding any other term of this section, the City of Palo Alto's health premium contribution for eligible post January 1, 2004 hires shall be not be less than the minimum contribution set by PERS under Government Code Section 22893 based on a weighted average of available health plan premiums.

2. Dental Plan

a) The City shall pay covered plan charges on behalf of all eligible employees and dependents. Domestic partners are considered dependents, as defined in this article. Benefits for regular part-time employees will be prorated as follows: Employees who will work less than full time, will receive prorated premium costs for dental benefits in accordance with his/her percentage of a full-time work
schedule. Part-time employees currently receiving full benefits will not be impacted.

b) The City’s Dental Plan provides the following: maximum benefits per calendar year shall be $2000 for representation unit employees and their dependents; fifty percent (50%) of reasonable charges, fifteen hundred dollars ($1500 ) lifetime maximum orthodontic benefit, except that effective January 1, 2007 the dental program shall be amended to increase the lifetime maximum for orthodontics to two thousand dollars ($2,000) and allow for coverage of composite (tooth colored) fillings for posterior teeth.

a. Basic Benefits (All other covered services)

| First Calendar Year of Eligibility | 70% UCR* |
| Second Calendar Year of Eligibility | 80% UCR* |
| Third Calendar Year of Eligibility  | 90% UCR* |
| Fourth Calendar Year of Eligibility | 100% UCR* |

*Usual, Customary, and Reasonable
**Not included in annual dental maximum

If the employee and eligible dependents have used the Plan at least once during the preceding calendar year, the percentage reimbursed by the Plan increases to 80%, 90% or 100% respectively during the second, third and subsequent calendar years of eligibility for basic benefits. If the employee and eligible dependents lose eligibility, basic benefits will be reinstated at 70 percent if you again become eligible for the Plan.

3. Basic Life Insurance

The City shall provide a basic life and AD & D insurance plan in an amount equal to the employee’s annual basic compensation (rounded to the next highest $1,000).

4. Supplemental Life Insurance

An employee may, at his/her cost, purchase additional life insurance and additional AD&D coverage. The total amount of life insurance available to the employee is $325,000 and the total amount of AD&D coverage available is $325,000.
5. **Long Term Disability Insurance**

In lieu of providing long-term disability insurance program to eligible employees, the City shall add $40.00 per month to the base salary of eligible employees. This $40.00 per month shall not be calculated into the labor market salary comparison.

6. **Vision Care**

a) The City shall provide vision care coverage for employee and dependents. Coverage is equivalent to the $20 deductible Vision Services Plan A.

b) Dependents will include domestic partners, as defined under Section E. 1. (b). **Active Employee Domestic Partners.**

7. **Employee Assistance Plan**

The Employee Assistance Plan (EAP) provides employees with confidential personal counseling, work and family related issues, eldercare, substance abuse, etc. In addition, EAP programs provide a valuable tool for supervisors to refer troubled employees to professional outside help. This service staffed by experienced clinicians is available to employees and their dependents by calling a toll-free phone line 24 hours a day, seven days a week. Guidance is also available online.

F. **Management Benefit Program**

Specified amounts under this program will be applied on a pro rata basis for employees who are part time or in a management pay status for less than the full fiscal year. Such benefits will be prorated in the first year of employment (based on hire date) and in the year an employee terminates employment (based on termination date).
1. **Professional Development - Reimbursement**

Effective July 1, 2004, the Professional Development program was hereby amended to provide each employee the option of receiving the $1,000 as taxable cash or as a contribution to deferred compensation. This selection shall be made each May to be effective throughout the following fiscal year (except for the 2004 fiscal year, it shall be made within 30 days following ratification of this agreement). Once the election is made for the fiscal year, it is irrevocable.

Reimbursement for authorized self-improvement activities is granted to each represented employee up to a maximum of $500 per fiscal year. Entitlement under this provision will be reduced on a prorated basis for part-time status or according to the number of months in paid status during the fiscal year. The following items are eligible for reimbursement:

a. Civic and professional association memberships

b. Conference participation and travel expenses

c. Educational programs/tuition reimbursement. The education must maintain or improve the employee's skills in performing his or her job, or be necessary to meet the express requirements of the City or the requirements of applicable law. The education to which the reimbursement relates must not be part of a program qualifying the employees for another trade or business; or be necessary to meet the minimum educational requirements for qualification for employment. Permissible educational expenses are refresher courses, courses dealing with current developments, academic or vocational courses, as well as the travel expenses associated with the courses.

d. Professional and trade journal subscriptions.

e. Subject to Internal Revenue Service regulations and with the written prescription of a medical doctor, an employee may be reimbursed for a personal health program as treatment for a diagnosed injury or illness.

f. Purchase of job related computer software and hardware, internet access, Telecommunications equipment and home office equipment/furniture. Reimbursement for any of these expenses is taxable to the employee.
2. **Professional Development Leave**

Authorized paid leaves of absence for up to one year will be granted in accordance with the following requirements:

a. Eligibility is subject to a minimum City service requirement of five years.

b. Compensation during the Professional Development Leave shall not exceed 50% salary and full benefits.

c. When granted a Professional Development Leave shall require an employee commitment of at least two-year service following return from the Leave. To the extent the full two-year commitment is not fulfilled, the employee shall re-pay the City a pro rata amount of the salary paid during the Leave based on the percentage of the two-year commitment not fulfilled.

d. The Professional Development Leave program shall relate to the employee's job assignment.

e. An employee's job assignment activity shall be adequately covered during his/her absence with emphasis on the development of subordinates.

f. The leave of absence period shall be adequately coordinated with departmental priorities and workload.

g. Professional Development Leaves shall be based on internship exchanges, and/or loaned executive arrangements; scholastic and/or authorship programs; or educational travel-study plans.

Leave of absence schedules will be apportioned among all levels of management employees and will be based on an evaluation of each maximum of one year and not more than two employees being on leave simultaneously. Sabbatical leaves must be cleared in advance and approved by the City Manager for his/her subordinates. Professional Development Leaves granted in excess of 30 days shall be noticed to the Council.

3. **Personal Health Program - Physical Fitness**

a) Physical fitness medical examinations for all represented employees will be provided in accordance with Fire Department Physical Fitness Program General Order.
4. **Excess Benefit Reimbursement**

Effective January 2007, the benefit provided by this Article is designed to meet the requirements of Section 125 of the Internal Revenue Code. Every calendar year, each employee will be provided with $2,500 that they can designate among the following options:

a) **Medical Flexible Spending Account (Medical FSA)**

Provides reimbursement for excess medical/dental/vision, or expenses that are incurred by employees and their dependents which are not covered or reimbursed by any other source, including existing City-sponsored plans. This includes prescribed medications and co-payments as well as over-the-counter drugs, including: antacids, allergy medicines, pain relievers and cold medicines. However, nonprescription dietary supplements (e.g. vitamins, etc.) toiletries (e.g. toothpaste), cosmetics (e.g. face cream), and items used for cosmetic purposes (e.g. Rogaine) are not acceptable.

b) **Dependent Care Flexible Spending Account (Dependent Care FSA)**

Provides reimbursement for qualified dependent care expenses under the City's Dependent Care Assistance Program (DCAP), subject to the following limits: Dependent care expenses will be reimbursed only to the extent that the amount of such expenses reimbursed under this Management Benefit Program, when added to the amount (if any) of annual dependent care expenses that the participant has elected under the City's Flexible Benefits Plan, do not exceed the maximum permitted under the DCAP.

1) The annual amount submitted for reimbursement cannot exceed the income of the lower-paid spouse.

2) The expenses must be employment-related expenses for the care of one or more dependents who are under 13 years of age and entitled to a dependent deduction under Internal Revenue Code section 151(e) or a dependent who is physically or mentally incapable of caring for himself or herself.

3) The payments cannot be made to a child under 19 years of age or to a person claimed as a dependent.

4) If the services are provided by a dependent care center, the center must comply with all state and local laws and must provide care for more than six individuals (other than a resident of the facility).
5) Dependent care expenses not submitted under this section are eligible under the City Dependent Care Assistance Plan (DCAP). However, the maximum amount reimbursed under DCAP will be reduced by any amount reimbursed under the Excess Benefit Plan.

c) **Non-taxable Professional Development Spending Account**

Provides reimbursement for Non-Taxable professional development expenses (e.g., job-related training and education, seminars, training manuals, etc.) to the extent they are not paid or reimbursed under any other plan of the City.

d) **Deferred Compensation**

Provides a one-time contribution to the employee’s City-sponsored 457 Deferred Compensation plan with either ICMA-RE or the Hartford.

Amounts designated by employees to either the Medical FSA, Dependent Care FSA, or Professional Development options are done so on a “use-it-or-lose-it” basis. This means that any amounts designated and not used by the end of the calendar year (or end of the extended grace period for the medical FSA) will be forfeited by the employee and returned to the plan.

Specified amounts under this benefit will be applied on a pro-rata basis for employees who are part-time or who are in a management or professional pay status for less than the full fiscal year. Such benefits will be pro-rated in the first year of employment (based on hire date) but will not be pro-rated upon separation of employment.

5. **Management Annual Leave**

Forty (40)-hour workweek employees not eligible for overtime shall be credited at the beginning of each fiscal year with 80 hours of annual leave which may be taken as paid time off, added to vacation accrual (subject to vacation accrual limitations), taken as cash or taken as deferred compensation. Entitlement under this provision will be reduced on a prorated basis for part-time status, or according to the number of months in paid status during the fiscal year. Unused balances as of the end of the fiscal year will be paid in cash unless a different option as indicated above is elected by the employee.
56-Hour Work Week Assignment

Effective January 1, 2008 and on each July 1 thereafter each Battalion Chief who works a 56 hour workweek shall be credited with eighty (80) hours of management leave. Management leave will be subject to the same terms, policies and procedures as apply to forty (40) hour workweek employees eligible for such leave as provided in section 1 above.

G. Commute Incentives and Parking

Employees who qualify may voluntarily elect one of the following commute incentives:

**Civic Center Parking.** Employees assigned to Civic Center and adjacent work locations. The City will provide a Civic Center Garage parking permit. New employees hired after June 30, 1994 may initially receive a parking permit for another downtown lot, subject to the availability of space at the Civic Center Garage.

**Public Transit.** The City will provide monthly Commuter Checks worth the value of:

- $40 for employees traveling two or more zones on Caltrain;
- $40 for employees using the Dumbarton Express, BART, the ACE train or a commuter highway vehicle;
- $35 for employees traveling within one zones on Caltrain;
- $35 for employees using VTA, and other buses.

These commuter checks may be used toward the purchase of transit pass.

**Carpool.** The City will provide $30 per month to each eligible employee in a carpool with two or licensed drivers.

**Vanpool Pilot Program.** The City will provide Commuter Checks worth the value up to $60 to each employee voluntarily participating in the Vanpool Pilot Program. These may be used toward payment of the monthly cost of the vanpool. Employees must fulfill the basic requirements of the Employee Commute Alternatives Program to qualify.

**Bicycle.** The City will provide employees with $20 per month to eligible employees who ride a bicycle to work.

**Walk.** The City will provide employees with $20 per month to eligible employees who walk to work.
H. **REIMBURSEMENT FOR RELOCATION EXPENSE**

**Policy Statement**

The City of Palo Alto, in rare instances, may provide a Basic Relocation Benefits Package for new management and professional employees, upon the approval of the City Manager or designated subordinate. In addition, the provisions of "Optional Benefits" or portions thereof, may be extended for exceptional circumstances and only the approval of the City Manager or designee.

The details of the Relocation Expense program are specified in the City's Relocation Expense policy.

I. **Retirement**

1. **Miscellaneous Member Pension Formula**

   Effective pay period inclusive of 1/6/07, the City's California Public Employees' Retirement System (CalPERS) benefits shall change to the 2.7% at 55 formula for Miscellaneous members (from 2% at 55).

2. **Employee Share of PERS Contribution**

   Effective May 1, 1984, the City agreed to pay the 7% employee contribution to CalPERS on behalf of Miscellaneous CalPERS Plan members. Effective with the pay period inclusive of 1/6/07, the City contribution was increased to cover the cost of the 2.7 at 55 retirement formula. Beginning June 30, 2010, the City shall pay 6% and the employee shall pay 2% of the 8% CalPERS employee contribution for the 2.7 at 55 retirement benefit formula. For sworn fire management employees the City shall continue to pay the mandatory nine percent (9%) of the employee’s Safety CalPERS Plan contribution.

3. **Conversion to Pay Rate**

   Notwithstanding subsection 2 above, effective the pay period inclusive of 1/6/07, upon filing a notice of retirement, the 6% City-paid CalPERS contribution (9% for Safety fire management personnel) will be converted to a salary adjustment of equal amount on a one-time irrevocable basis for the final compensation period which is defined as the highest average compensation earnable (salary) during the year immediately preceding retirement or any other designated consecutive year. Employee CalPERS contributions shall be made on a tax deferred basis, in accordance with Section 414(h)(2) of the Internal Revenue Code. All provisions of this subsection are subject to and conditioned upon compliance with IRS regulations.
4. Safety Member Pension Formula

As of October 20, 2001, the City provides the California Public Employees’ Retirement System (CalPERS) Benefit, known as the “3% at 50” full formula (Section 21362.2) for safety members.

5. Status Determination

An employee’s membership in and designation as Safety or Miscellaneous for CalPERS pension plan purposes shall be determined based on applicable California law.

J. Sick Leave Conversion

Management employees hired on or before December 1, 1983 who have 15 or more years of continuous service, 600 or more hours of accumulated unused sick leave and otherwise qualify under Sections 604 and 609 of the Merit System Rules and Regulations, may convert sick leave hours in excess of 600 to cash or deferred compensation, according to the formula set forth in Section 609. The maximum amount of such conversion is $2,000 per fiscal year.

K. Meal Allowance

Management employees assigned to attend night meetings are eligible to receive reimbursement for up to $20.00 per dinner. This provision covers only receipted meals actually taken and submitted for reimbursement.

L. Vacation

Employees assigned to a 40-hour workweek schedule will accrue vacation at the following rate for continuous service performed in a pay status.

a. For employees completing less than four (4) years continuous service the accrual rate shall be 80 hours per year.

b. For employees completing four (4), but less than (9) nine years continuous service the accrual rate shall be one-hundred twenty (120) hours per year.

c. For employees completing nine (9), but less than fourteen (14) years continuous service the accrual rate shall be one-hundred sixty (160) hours per year.
d. For employees completing fourteen (14), but less than nineteen (19) years continuous service the accrual rate shall be one-hundred eighty (180) hours leave per year.

e. For employees completing nineteen (19) or more years continuous service the accrual rate shall be two-hundred (200) hours leave per year.

Employees assigned to a 56-hour workweek schedule (24-hour shift) will accrue vacation at the following rate for continuous service performed in a pay status.

a. For employees completing less than four (4) years continuous service, the accrual rate shall be five (5) duty shifts per year.

b. For employees completing four (4), but less than nine (9) years continuous service, the accrual rate shall be eight (8) duty shifts per year.

c. For employees completing nine (9), but less than fourteen (14) years continuous service, the accrual rate shall be ten (10) duty shifts per year.

d. For employees completing fourteen (14), but less than nineteen (19) years continuous service, the accrual rate shall be eleven (11) duty shifts per year.

e. For employees completing nineteen (19) or more years continuous service, the accrual rate shall be twelve (12) duty shifts per year.

M. Vacation Cash Out

Once each calendar year an employee may cash out eight (8) or more hours of vacation accrual in excess of eighty (80) hours (or five (5) duty shifts), to a maximum of eighty (80) hours (or five (5) duty shifts), provided that the employee has taken eighty (80) hours of vacation off with pay in the previous twelve (12) months.

N. OTHER PAID LEAVES

1. City Manager Granted Leaves

The City Manager may grant a regular employee under his control a leave of absence with pay for a period not exceeding thirty calendar days for reasons he deems adequate and in the best interest of the City.
2. Council Granted Leave

The City Council may grant a regular employee a leave of absence with pay for a period not to exceed one year for reasons the Council considers adequate and in the best interest of the City.

3. Employee’s Time Off to Vote

Time off with pay to vote at any general or direct primary election shall be granted as provided in the State of California Elections Code, and notice that an employee desires such time off shall be given in accordance with the provisions of said Code.

4. Leaves of Absence: Death in Immediate Family

Leave of absence with pay of one shift for 56-hour shift employees with provision for approval of one additional shift for travel outside the area may be granted an employee by the Chief in the event of death in the employee’s immediate family, which is defined for purposes of this section as wife, husband, son, son-in-law, daughter, daughter-in-law, father, mother, brother, brother-in-law, sister, sister-in-law, mother-in-law, father-in-law, step-father, step-mother, step-sister, step-brother, grandfather, grandfather-in-law, grandmother, grandmother-in-law, uncle, aunt, niece, nephew, registered domestic partner, or a close relative residing in the household of the employee. Such leave shall be at full pay and shall not be charged against the employee’s accrued vacation or sick leave. Requests for leave in excess of two shifts shall be subject to the approval of the City Manager. Employees assigned to a 40-hour work week are eligible for leave of absence granted by the Chief with pay for three days in the event of death in the employee’s immediate family which is defined above.

5. Jury Duty; Leave of Absence

Employees required to report for jury duty shall be granted a leave of absence with pay from their assigned duties until released by the court, provided the employee remits to the City all fees received for such duties other than mileage or subsistence allowances within thirty days from the termination of his or her jury service.

6. Subpoenas

Employees required to answer subpoenas as a witness for the City of Palo Alto or for a plaintiff where the City of Palo Alto is a defendant shall not lose pay or benefits for work time lost to answer depositions or to appear in court.
O. MISCELLANEOUS EMPLOYMENT-RELATED EXPENSES

1. Station House Fund
   The Station House Fund per year per shift employee shall be $48.00.

2. Non-Food House Items
   The City agrees to furnish and maintain each fire station with the following non-food house fund items: TV purchase and repair, the San Jose Mercury News, and the San Francisco Chronicle to be selected on an annual basis. Kitchen cooking utensils, small kitchen appliances and other specific items to be determined by mutual agreement of the parties will be purchased from the Station House Fund.

3. Per Diem Travel Expenses For City Business
   Unless other mutually agreeable arrangements are made, representation unit employees who are required to travel away from the City on City business will receive travel expenses, according to City policies which are currently in effect.
<table>
<thead>
<tr>
<th>Class Number/Job Code</th>
<th>Job Title</th>
<th>Grade Code</th>
<th>Control Point</th>
<th>Approx Annual</th>
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<td>018</td>
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**Effective with Pay Period Including 1/1/08**  3% Retro

**Non-Shift**  OT differential for Battalion and Emergency Medical Svc Chiefs only

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**Effective with Pay Period Including 06/20/09**  4% Increase

**Non-Shift**

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**Shift**

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NOT YET APPROVED

RESOLUTION NO.
RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO
AMENDING SECTION 1801 OF THE MERIT SYSTEM
RULES AND REGULATIONS TO INCORPORATE THE 2006-2010
MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF
PALO ALTO AND THE PALO ALTO FIRE CHIEFS’ ASSOCIATION

The Council of the City of Palo Alto does RESOLVE as follows:

SECTION 1. Section 1801 of the Merit System Rules and Regulations is hereby amended to read as follows:

“1801. Memorandum of agreement incorporated by reference. That certain Memorandum of Agreement by and between the City of Palo Alto and the Palo Alto Fire Chiefs’ Association, consisting of Preamble and Articles I through XXVII, for a term commencing July 1, 2006, and expiring June 30, 2010, is hereby incorporated into these Merit System Rules and Regulations by reference as though fully set forth herein. Said Memorandum of Agreement shall apply to all employees in classifications represented by said Palo Alto Fire Chiefs’ Association, except where specifically provided otherwise herein.

In the case of conflict with this chapter and any other provisions of the Merit System Rules and Regulations, this chapter will prevail over such other provisions as to employees in classifications covered by said Compensation Plan.”

SECTION 2. The changes to the Merit System Rules and Regulations provided for in this resolution shall not affect any right established or accrued, or any offense or act committed, or any penalty of forfeiture incurred, or any prosecution, suit, or proceeding pending or any judgment rendered prior to the effective date of this resolution.

SECTION 3. The Council finds that this is not a project under the California Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED: September 15, 2008
AYES:
NOES:
ABSENT:
ABSTENTIONS:
ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

Deputy City Attorney

APPROVED:

City Manager

Director of Human Resources

Director of Administrative Services
MEMORANDUM OF AGREEMENT

CITY OF PALO ALTO AND PALO ALTO FIRE CHIEFS' ASSOCIATION

July 1, 2006 through June 30, 2010

PREAMBLE

This Memorandum of Agreement between the City of Palo Alto, hereinafter referred to as the "City", and the Palo Alto Fire Chiefs’ Association, hereinafter referred as the "Association", has been prepared and entered into in accordance with Title I, Division 4, Chapter 10, Sections 3500-3510 of the California Government Code and Chapter 12 of the City of Palo Alto Merit System Rules and Regulations.

ARTICLE I - RECOGNITION

Section 1. The City recognizes the Association as the exclusive representative of an employee group consisting solely of the classifications of Battalion Chief 56-hour workweek, Battalion Chief 40-hour workweek and Emergency Medical Services Chief, and Emergency Medical Services Coordinator who are regularly employed by the City.

ARTICLE II - NO DISCRIMINATION

Section 1. The Association and the City hereby agree that there shall be no discrimination because of race, color, age, handicap, sex, national origin, sexual orientation, political or religious affiliation under this Agreement. There shall be no discrimination in employment conditions or treatment of employees on the basis of membership or nonmembership in the Association, or participation in the lawful activities of the Association.

Section 2. The Association and the City hereby agree to protect the rights of all employees to exercise their free choice to join the Association and to abide by the express provisions of applicable State and local laws.

ARTICLE III - PAYROLL DEDUCTIONS

Section 1. The City shall deduct Association membership dues and other mutually agreed upon payroll deductions from the bi-weekly pay of member employees. The dues deduction must be authorized in writing by the employee on an authorization card acceptable to the Association and the City. The City shall remit the deducted dues to the Association as soon as possible after deduction.

All Union members on payroll deduction for payment of Union dues as of 5:00 p.m. on the tenth day following signing of this Memorandum of Agreement must remain on payroll deduction for the life of the Memorandum of Agreement, or so long as they remain members of the representation unit. Union members who establish dues payroll deduction during the term of the Memorandum of Agreement must remain on payroll deduction for the life of the Memorandum of Agreement, or so long as they remain members of the representation unit. Union members on dues payroll deduction may declare their intention to terminate such payroll deduction following expiration of this Memorandum of Agreement.
during the thirty-day period between sixty and ninety days prior to expiration of the Memorandum of Agreement.

Section 2. Agency Shop
Pursuant to legislation enacted by SB 739 and amendment to the Meyers-Milias-Brown Act, the City and the Union agree to abide by the following provisions as they relate to an agency shop and an agency shop election.

a) Agency Shop as defined under Meyers-Milias Brown means “an arrangement that requires an employee, as a condition of continued employment, either to join the recognized employee organization, or to pay the organization a service fee in an amount not to exceed the standard initiation fee, periodic dues, and general assessments of the organization.” The City and the Union agree that an agency shop arrangement between the City and the Union shall be placed in effect upon ratification of this agreement.

b) Any employee who is a member of a bona fide religion, body, or sect that has historically held conscientious objections to joining or financially supporting public employee organizations shall not be required to join or financially support any public employee organization as a condition of employment. The employee may be required, in lieu of periodic dues, initiation fees, or agency fees, to pay sums equal to the dues, initiation fees, or agency fees to a nonreligious, no labor charitable fund exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, chosen by the employee from a list of at least three organizations, or if the memorandum of understanding between the City and the Union fails to designate the funds, then to any such fund chosen by the employee. Proof of the payments shall be made on a monthly basis to the City as a condition of continued exemption from the requirement of financial support to the Union.

c) Covered employees shall execute written authorization for either Union dues deductions, the agency fee, or, if eligible, the charitable contribution. In the absence of a written authorization the City shall deduct the agency fee from the employee’s paycheck.

d) If implemented, an agency shop provision may be rescinded by a majority vote of all the employees in the unit covered by the Memorandum of Understanding pursuant to the Meyers-Milias-Brown Act.

e) The Union shall keep an adequate itemized record of its financial transactions and shall make available annually, to the City and to the employees who are members of the organization, within 60 days after the end of its fiscal year, a detailed written financial report thereof in the form of a balance sheet and an opening statement, certified as to accuracy by its president and treasurer or corresponding principal officer, or a certified public accountant.

f) The Union shall indemnify and hold the City harmless against any liability arising from any claims, demands, or other action relating to the City’s compliance with the agency shop obligation. The Union shall comply with all statutory and legal requirements with respect to Agency Shop.
ARTICLE IV - NO STRIKES

Section 1. The Association, its representatives, or members, shall not engage in or cause, instigate, encourage, sanction, or condone a strike, withholding of services, leave of absence abuse, work stoppage or work slowdown of any kind against the City of Palo Alto or its citizens by employees covered under this Agreement. No employee shall refuse to cross any picket line in the conduct of Fire Department business, nor shall the Association, its representatives or members discriminate in any way toward anyone who refuses to participate in a strike, or any of the job actions cited above.

ARTICLE V - SALARY PROVISIONS

Section 1. Salary Range Adjustments.

a) Effective with pay period including July 1, 2006, a four percent (4%) increase will be applied to the control point of all represented classes.

b) Effective with the pay period including July 1, 2007, a three percent (3%) increase will be applied to the control point of all represented classes.

c) Effective January 1, 2008, the City shall add twelve thousand dollars ($12,000) to the annual base rate of 56 hour Battalion Chiefs($4.12) per hour based on a 2912 hour work year.

d) Effective with the pay period including January 1, 2008, a three percent (3%) increase will be applied to the control point of all represented classes, after application of the increase set out in subsection (c) of this section.

e) Effective with the pay period including July 1, 2009, a four percent (4%) increase will be applied to the control point of all represented classes.

Section 2. Compression Between Captain and Battalion Chief.

During the term of this agreement a 16% differential will be maintained between E-step Captain and Battalion Chief 56-hour workweek control point.

Section 3. EMT Differential.

Employees in represented classifications who maintain EMT certification will receive a three percent (3%) differential in addition to their base salary.

Section 4. 40-hour Work Week Assignment Differential

Employees assigned to a 40-hour workweek schedule will be paid a differential of five percent (5%) of base salary in-lieu of holiday pay differential which 56-hour shift Battalion Chiefs receive.
Section 5. Out of County Strike Team Pay.

The City will pay an employee sent on out of County strike team duty a flat twelve hundred dollar ($1200) wage payment beyond the employee’s normal salary for twenty-four (24) hour shift of such duty per non-regular work hours if the City receives reimbursement from the state or federal government for the labor costs incurred by the City for such expenses. Payment for partial shifts on such duty shall be prorated. For 40-hour Battalion Chief, payment for non-regular work hours will be prorated. A Personnel Action Form will be completed in a timely manner to process this payment.

ARTICLE VI – HOLIDAYS

Section 1. Named Holidays.
The following holidays are recognized as municipal holidays for pay purposes and non-shift employees shall have these days off with pay, except as otherwise provided in these rules:

- January 1
- Third Monday in January
- Third Monday in February
- Last Monday in May
- July 4th
- First Monday in September
- Second Monday in October
- Veteran’s Day, November 11
- Thanksgiving Day
- Day after Thanksgiving Day
- December 25
- Either December 24 or December 31 as provided below

Section 2. 56-Hour Work Week Assignments.

149.5 hour is the total amount of holiday hours paid annually to an employee divided by 26 payroll periods which equals 5.75. Shift personnel shall receive pay in lieu of taking paid leave for accrued holidays. Such paid hours are in biweekly amount of 5.75 holiday hours. Holiday hours are prorated and accrued based on hours actually worked. If employees elect to be paid for these holiday hours at any time before the scheduled payoff they must have sufficient hours in their holiday account and must complete the Cash-out Request Form.

Accrued holiday balances of shift employees will be automatically paid off in the months of June and December.

Section 3. 40-Hour Work Week Assignments.

Employees assigned to a 40-hour workweek schedule will receive paid holidays in accordance with Sections 517 and 518 of the Merit System Rules and Regulations. The Emergency Medical Services Coordinator who works a schedule where a holiday falls on a regular day off, may, with supervisory approval, take another day off within the pay period or the following pay period.
ARTICLE VII - VACATION ACCRUAL

Section 1. Vacation will be accrued when an employee is in a pay status and will be credited on a bi-weekly basis. Such accrual balance and credit may not exceed three times the annual rate of accrual. Accrual rates are by work week assignments as indicated in Section 1 and Section 2 below.

Section 2. 56-Hour Workweek Assignments.

Employees assigned to a 56-hour workweek schedule (24-hour shift) will accrue vacation at the following rate for continuous service performed in a pay status.

a) For employees completing less than four (4) years continuous service, the accrual rate shall be five (5) duty shifts per year.

b) For employees completing four (4), but less than nine (9) years continuous service, the accrual rate shall be eight (8) duty shifts per year.

c) For employees completing nine (9), but less than fourteen (14) years continuous service, the accrual rate shall be ten (10) duty shifts per year.

d) For employees completing fourteen (14), but less than nineteen (19) years continuous service, the accrual rate shall be eleven (11) duty shifts per year.

e) For employees completing nineteen (19) or more years continuous service, the accrual rate shall be twelve (12) duty shifts per year.

Section 3. 40-Hour Workweek Assignments.

Personnel assigned to a 40-hour workweek schedule will accrue vacation at the following rate for continuous service performed in a pay status.

a) For employees completing less than four (4) years continuous service, the accrual rate shall be eighty (80) hours per year.

b) For employees completing four (4), but less than nine (9) years continuous service, the accrual rate shall be one-hundred twenty (120) hours per year.

c) For employees completing nine (9), but less than fourteen (14) years continuous service, the accrual rate shall be one-hundred sixty (160) hours per year.

d) For employees completing fourteen (14), but less than nineteen (19) years continuous service, the accrual rate shall be one-hundred eighty (180) hours vacation leave per year.
e) For employees completing nineteen (19) or more years continuous service, the accrual rate shall be two-
hundred (200) hours vacation leave per year.

**ARTICLE VIII - VACATION CASH OUT**

**Section 1. Limitation on Use.**
Employees may not use more than three times their annual rate of accrual in any calendar year period
provided, however, that the Chief may grant exceptions to this limitation.

**Section 2. Cash out Option.**
Once each calendar year an employee may cash out eight (8) or more hours of vacation accrual in excess
of eighty (80) hours (or (5) five duty shifts), to a maximum of one hundred twenty (120) hours (or five
(5) duty shifts), provided that the employee has taken eighty (80) hours of vacation off with pay in the
previous twelve (12) months.

**ARTICLE IX - MANAGEMENT ANNUAL LEAVE**

**Section 1.** Forty (40) hour workweek employees not eligible for overtime shall be credited at the
beginning of each fiscal year with eighty (80) hours of annual leave which may be taken as paid time off,
added to vacation accrual (subject to vacation accrual limitations), taken as cash or taken as deferred
compensation. Entitlement under this provision will be reduced on a prorated basis for part-time status,
or according to the number of months in paid status during the fiscal year. Unused balances as of the
end of the fiscal year will be paid in cash, unless a different option as indicated above is elected by the
employee.

**Section 2. Management Annual Leave for 56 Hour Employees.**
Effective January 1, 2008 and on each July 1 thereafter each Battalion Chief who works a 56 hour
workweek shall be credited with eighty (80) hours of management leave. Management leave will be
subject to the same terms, policies and procedures as apply to forty (40) hour workweek employees
eligible for such leave as provided in section 1 above.

**ARTICLE X - OTHER PAID LEAVES**

**Section 1. City Manager Granted Leaves.**
The City Manager may grant a regular employee under his control a leave of absence with pay for a period
not exceeding thirty calendar days for reasons he deems adequate and in the best interest of the City.

**Section 2. Council Granted Leave.**
The City Council may grant a regular employee a leave of absence with pay for a period not to exceed one
year for reasons the Council considers adequate and in the best interest of the City.

**Section 3. Employee's Time Off to Vote.**
Time off with pay to vote at any general or direct primary election shall be granted as provided in the State
of California Elections Code, and notice that an employee desires such time off shall be given in accordance
with the provisions of said Code.
Section 4. Leaves of Absence: Death in Immediate Family.
Leave of absence with pay of one shift for 56-hour shift employees with provision for approval of one additional shift for travel outside the area may be granted an employee by the Chief in the event of death in the employee's immediate family, which is defined for purposes of this section as wife, husband, son, son-in-law, daughter, daughter-in-law, father, mother, brother, brother-in-law, sister, sister-in-law, mother-in-law, father-in-law, step-father, step-mother, step-sister, step-brother, grandfather, grandfather-in-law, grandmother, grandmother-in-law, uncle, aunt, niece, nephew, registered domestic partner, or a close relative residing in the household of the employee. Such leave shall be at full pay and shall not be charged against the employee's accrued vacation or sick leave. Requests for leave in excess of two shifts shall be subject to the approval of the City Manager. Employees assigned to a 40-hour work week are eligible for leave of absence granted by the Chief with pay for three days in the event of death in the employee's immediate family which is defined above.

Employees required to report for jury duty shall be granted a leave of absence with pay from their assigned duties until released by the court, provided the employee remits to the City all fees received for such duties other than mileage or subsistence allowances within thirty days from the termination of his or her jury service.

Section 6. Subpoenas.
Employees required to answer subpoenas as a witness for the City of Palo Alto or for a plaintiff where the City of Palo Alto is a defendant shall not lose pay or benefits for work time lost to answer depositions or to appear in court.

ARTICLE XI - OTHER LEAVE PROVISIONS

Section 1. Disability.
Leaves of absence without pay may be granted in cases of disability not covered by sick leave. Pregnancy will be considered as any other disability. Leaves of absence for disability are subject to physician's verification including diagnosis and medical work restriction.

Section 2. Other Unpaid Leaves.
Leaves of absence without pay may be granted in cases of personal emergency or when such absences would not be contrary to the best interest of the City. Non-disability prenatal and/or postpartum leave is available under this provision, but such leave shall not begin more than six months prenatal nor extend more than six months postpartum.

Section 3. Accrued Vacation Credits.
During unpaid leaves of absence for disability or other reasons, the employee may elect to use accrued vacation credits. Requests for leaves without pay shall not be unreasonably denied. In order to avoid misunderstandings, all leaves without pay must be in writing to be effective.
Section 4. Approval of Department Head.
Leave of absence without pay for one week or less may be granted by the department head, depending on the merit of the individual case.

Section 5. Approval by City Manager.
Leave of absence without pay in excess of one week's duration may be granted by the City Manager on the merit of the case, but such leave shall not exceed twelve months' duration.

Section 6. Absence Without Leave.
Unauthorized leave of absence shall be considered to be without pay, and reductions in the employee's pay shall be made accordingly. Unauthorized leave of absence may result in termination of employment.

Section 7. Leave of Absence: Death Outside the Immediate Family.
Leave without pay may be granted a regular employee by his/her department head in the event of death to family members other than one of the immediate family, such leave to be granted in accordance with Section 2 and Section 4.

Section 8. Military Leave of Absence.
State law shall govern the granting of military leaves of absence and the rights of employees returning from such absence.

ARTICLE XII - VOLUNTARY CATASTROPHIC LEAVE PROGRAM

Section 1. The City of Palo Alto has established a Firefighter Voluntary Leave Program to provide FCA employees the opportunity to donate their accrued vacation time to assist fellow members of FCA either due to: (a) an employee's own verifiable non-industrial catastrophic illness or injury (as defined herein) or (b) in order to care for a member of the employee's immediate family (spouse, child, parent or registered domestic partner suffering from a verifiable catastrophic illness or injury) and have exhausted or will presently exhaust all of their paid leave.

Section 2. In order to be eligible to receive donated leave, an employee must have a catastrophic illness or injury or an employee's immediate family member must have a catastrophic illness or injury that requires the employee to provide full-time care for this family member. Care will be taken to emphasize the voluntary nature of the plan and to insure confidentiality of employee participants and medical conditions (where applicable).

Section 3. A Firefighter Voluntary Leave Sharing Program has been established to accept donations of vacation in accordance with the Program's guidelines. All donations shall be:

a) Voluntary
b) Irrevocable
c) Confidential, unless disclosure is required by law
d) In whole hour increments of at least four (4) hours, with the hours donated being converted to donee hours based on the donee's salary rate (so that there will be no cost to the City due to salary differential).
e) The employee shall be required to exhaust all other types of leave to request donated leave
f) It is understood that employees seeking or receiving leave under this program will apply for long-term disability benefits for which they may be eligible.

g) Where any of the period during which an employee receives donated leave is designated as family leave under the California Family Rights Act (CFRA/Family Medical Leave Act (FMLA), the employee will be eligible for continuation of medical and other available benefits during that the family leave period (for up to 12 weeks), in accordance with the requirements of those laws. If the employee receiving donated leave is not eligible for CFRA/FMLA benefit continuation, or after the employee has exhausted the available CFRA/FMLA leave period, the employer will need to pay the premiums for continued medical and other available benefits if the employee chooses to continue such coverages through the City.

h) If the donation request is based on the need for an employee to care for an immediate family member, as defined above, the family member must require full-time care by the employee. Certification of this requirement by a health care professional is required.

i) The maximum donated time a donee may receive is 12 months (if available).

j) Applications to donate leave or receive leave under this Program are made to the Human Resources Department.

k) This is a pilot program and is subject to cancellation by either party.

**Section 4.** FCA members interested in donating leave or in applying to receive donated leave shall complete forms provided by the Human Resources Department. If an applicant for leave is found to meet the criteria set forth herein, Human Resources will determine the availability of and (as applicable) allocation of donated paid leave. Payroll will be notified in writing of the number of hours to be deducted from each donating employee’s vacation balance and transferred to the donee employee(s).

**Section 5.** The City reserves the right to modify or terminate this program at any time.

**Section 6.** Catastrophic Illness or Injury (also referred to as “medical emergency” in Revenue Ruling 90-29 and Sections 801(c) and 812 of the Merit Rules and Regulations): A non-occupational medical condition of an employee that will require the prolonged absence of the employee from duty and which will result in a substantial loss of income to the employee because the employee will have exhausted all paid leave available apart from the Voluntary Employee Leave sharing Program. Non-disability postpartum leave as referenced in Merit Rule 801(b) shall not be considered a catastrophic illness or injury under this Policy.

**ARTICLE XIII - OVERTIME COMPENSATION FOR BATTALION CHIEF CLASSIFICATIONS**

**Section 1.** Through December 31, 2007, employees in the FLSA exempt Battalion Chief classifications will be paid overtime at the rate of time and one-half for hours authorized and worked in excess of the workweek schedule (56 hours). Shift personnel assigned to overtime relief duty shall receive overtime compensation at a rate of one and one-half times the employee’s basic 56-hour rate for all hours of the relief duty shift. Required off-duty training will be compensated at the rate of one and one-half times the basic 40-hour rate, and emergency callback will be compensated at the rate of one and one-half times the basic 40-hour rate to a maximum of eight hours, and at a rate of one and one-half times the basic 56-hour rate for those hours in excess of eight hours. All overtime hours must be pre-authorized by the Fire Chief or designee.
Section 2. Effective January 1, 2008 employees in FLSA exempt positions as determined by the City in accordance with the FLSA, including but not limited to Battalion chiefs, are salaried employees and will not be eligible for overtime pay. Non-FLSA exempt personnel shall receive overtime compensation at the rate of one and one-half (1½) times the employee’s regular hourly rate of pay for all hours worked in excess of forty (40) hours in a workweek. All overtime hours must be pre-authorized by the Fire Chief or designee.

Section 3. Effective July 1, 2008 an individual Battalion Chief shall not in any fiscal year be required to work more than four (4) shifts to fill a shift vacancy (arising due to another Battalion Chief’s absence or termination) that would have been compensated with overtime under the overtime provisions in effect prior to July 1, 2008. However, this limitation shall not apply in the event of a major emergency (e.g. earthquake, major conflagration, weather disaster, etc.), nor shall it apply to required attendance of staff meetings, strike team meetings, training, or other such incidental non-shift activities.

Section 4. Assignment. The City may, at its discretion, assign and work a Fire Captain as a Battalion Chief to temporarily fill a vacant Battalion Chief position or to backfill behind an incumbent Battalion Chief on leave, or to perform duties that would otherwise involve a call-back of a Battalion Chief.

ARTICLE XIV - PROFESSIONAL DEVELOPMENT - REIMBURSEMENT

Effective July 1, 2004 the Professional Development program was amended to provide each employee the option of receiving the $1,000 as taxable cash or as a contribution to deferred compensation. This selection shall be made each May to be effective throughout the following fiscal year (except for the 2004 fiscal year, it shall be made within 30 days following ratification of this agreement). Once the election is made for the fiscal year, it is irrevocable.

Reimbursement for authorized self-improvement activities is granted to each represented employee up to a maximum of $500 per fiscal year. Entitlement under this provision will be reduced on a prorated basis for part time status or according to the number of months in paid status during the fiscal year. The following items are eligible for reimbursement:

a). Civic and professional association memberships

b). Conference participation and travel expenses

c). Educational programs/tuition reimbursement. The education must maintain or improve the employee's skills in performing his or her job, or be necessary to meet the express requirements of the City or the requirements of applicable law. The education to which the reimbursement relates must not be part of a program qualifying the employees for another trade or business; or be necessary to meet the minimum educational requirements for qualification for employment. Permissible educational expenses are refresher courses, courses dealing with current developments, academic or vocational courses, as well as the travel expenses associated with the courses.

d). Professional and trade journal subscriptions.
e). Subject to Internal Revenue Service regulations and with the written prescription of a medical doctor an employee may be reimbursed for a personal health program as treatment for a diagnosed injury or illness.

f). Purchase of job related computer software and hardware, internet access, telecommunications equipment and home office equipment/furniture. Reimbursement for any of these expenses is taxable to the employee.

**ARTICLE XV - EXCESS BENEFIT REIMBURSEMENT**

**Section 1.** Effective January 2007, the benefit provided by this Article is designed to meet the requirements of Section 125 of the Internal Revenue Code. Every calendar year, each employee will be provided with $2,500 that they can designate among the following options:

a) **Medical Flexible Spending Account (Medical FSA).** Provides reimbursement for excess medical/dental/vision, or expenses that are incurred by employees and their dependents which are not covered or reimbursed by any other source, including existing City-sponsored plans. This includes prescribed medications and co-payments as well as over-the-counter drugs, including: antacids, allergy medicines, pain relievers and cold medicines. However, nonprescription dietary supplements (e.g. vitamins, etc.) toiletries (e.g. toothpaste), cosmetics (e.g. face cream), and items used for cosmetic purposes (e.g. Rogaine) are not acceptable.

b) **Dependent Care Flexible Spending Account (Dependent Care FSA).** Provides reimbursement for qualified dependent care expenses under the City's Dependent Care Assistance Program (DCAP), subject to the following limits: Dependent care expenses will be reimbursed only to the extent that the amount of such expenses reimbursed under this Management Benefit Program, when added to the amount (if any) of annual dependent care expenses that the participant has elected under the City's Flexible Benefits Plan, do not exceed the maximum permitted under the DCAP.

1) The annual amount submitted for reimbursement cannot exceed the income of the lower-paid spouse.

2) The expenses must be employment-related expenses for the care of one or more dependents who are under 13 years of age and entitled to a dependent deduction under Internal Revenue Code section 151(e) or a dependent who is physically or mentally incapable of caring for himself or herself.

3) The payments cannot be made to a child under 19 years of age or to a person claimed as a dependent.

4) If the services are provided by a dependent care center, the center must comply with all state and local laws and must provide care for more than six individuals (other than a resident of the facility).

5) Dependent care expenses not submitted under this section are eligible under the City Dependent Care Assistance Plan (DCAP). However, the maximum amount reimbursed under DCAP will be reduced by any amount reimbursed under the Excess Benefit Plan.
c) **Non-taxable Professional Development Spending Account.**  
Provides reimbursement for Non-Taxable professional development expenses (e.g., job-related training and education, seminars, training manuals, etc.) to the extent they are not paid or reimbursed under any other plan of the City.

d) **Deferred Compensation.** Provides a one-time contribution to the employee’s City-sponsored 457 Deferred Compensation plan with either ICMA-RE or the Hartford.

Amounts designated by employees to either the Medical FSA, Dependent Care FSA, or Professional Development options are done so on a “use it-or-lose-it” basis. This means that any amounts designated and not used by the end of the calendar year (or end of the extended grace period for the medical FSA) will be forfeited by the employee and returned to the plan.

Specified amounts under this benefit will be applied on a pro-rata basis for employees who are part-time or who are in a management or professional pay status for less than the full fiscal year. Such benefits will be pro-rated in the first year of employment (based on hire date) but will not be pro-rated upon separation of employment.

**ARTICLE XVI - PHYSICAL EXAMS**

Physical fitness medical examinations for all represented employees will be provided in accordance with the Fire Department Physical Fitness Program General Order.

**ARTICLE XVII - BENEFIT PROGRAMS**

**Section 1. Health Plan**

Benefits will be provided in accordance with provisions of the California Public Employees Retirement System (CalPERS) PEMHCA Health Plans. Monthly City-paid premium contributions for an employee-selected PEMHCA optional plan will be made to the maximum amount indicated in each category below through December 31, 2006. Effective January 1, 2007 the City will pay up to the monthly medical premium for the 2nd most expensive plan among the existing array of plans during the contract term. If CalPERS changes the plans it offers, the City and the Union will meet and confer over the City continuing to provide an equivalent benefit at an equivalent cost.

<table>
<thead>
<tr>
<th>Eligible Active Employees</th>
<th>Number of Parties Covered</th>
<th>Monthly City Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Only</td>
<td></td>
<td>Premium for plan selected</td>
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<tr>
<td></td>
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<td>Not to exceed the second most expensive plan</td>
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<tr>
<td>Employee Plus One</td>
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<td>Premium for plan selected: Not</td>
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<tr>
<td></td>
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<td>to exceed the second most expensive plan</td>
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<tr>
<td>Employee Plus Two or More</td>
<td></td>
<td>Premium for plan selected</td>
</tr>
<tr>
<td></td>
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<td>Not to exceed the second most expensive plan</td>
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</tbody>
</table>
During the term of this Agreement, if CalPERS no longer offers the PORAC health plan and, as a result, an affected employee enrolls in an alternative CalPERS health plan, the City will reimburse or provide insurance to such employee or his or her dependents for documented medical expenses incurred that exceed the two million dollar ($2,000,000) lifetime maximum, if any, provided that such expense would have otherwise been covered and paid by the health plan. Such reimbursement shall be made once per fiscal year.

Active employee domestic partners whose domestic partnership is registered with the State of California will be eligible for medical benefits under this section. Active employee domestic partners whose domestic partnership is not registered with the state but who meet the requirements of the City of Palo Alto Declaration of Domestic Partnership, and are registered with the Human Resources Department, are eligible for reimbursement of the actual monthly premium cost of an individual health plan, not to exceed the individual PORAC PPO monthly premium. Evidence of premium payment will be required with request for reimbursement.

Section 2. Alternate Medical Benefit
If a regular employee and/or the employee’s dependent(s) are eligible for medical insurance through another employer-sponsored or association medical plan, the employee may opt for alternative medical insurance coverage through the other employer-sponsored or association plan and waives his/her right to the City of Palo Alto’s medical insurance coverage for same individuals. Employees electing alternative coverage and no City coverage will receive cash payments of approximately half of the “averaged monthly premiums” for their medical insurance coverage. “Averaged monthly premiums” are the average of the Kaiser HMO, Blue Shield HMO and PERS Choice PPO premiums for the employee’s City medical coverage available through CalPERS.

The rates for 2006 are as follows:
One Party: $205.00
Two Party: $410.00
Family: $530.00

The rates for 2007 are as follows:
One Party: $230.00
Two Party: $460.00
Family: $595.00

The rates for 2008 are as follows:
One Party: $250.00
Two Party: $500.00
Family: $645.00

The rates for 2009 are as follows:
One Party: $260.00
Two Party: $520.00
Family: $673.00
The Alternative Medical Benefit Program rates for subsequent years covered by this agreement will be determined when CalPERS formally announces the health plan rates applicable for the year in which they are to apply.

Section 3. Dental Benefits

a) The City shall pay covered plan charges on behalf of all eligible employees and dependents. Domestic partners are considered dependents, as defined in this article. Benefits for regular part-time employees will be prorated as follows:
   Employees who will work less than full time, will receive prorated premium costs for dental benefits in accordance with his/her percentage of a full-time work schedule. Part time employees currently receiving full benefits will not be impacted.

b) The City's Dental Plan provides the following: maximum benefits per calendar year shall be $2000 for representation unit employees and their dependents; fifty percent (50%) of reasonable charges, fifteen hundred dollars ($1500) lifetime maximum orthodontic benefit, except that effective January 1, 2007 the dental program shall be amended to increase the lifetime maximum for orthodontics to two thousand dollars ($2,000) and allow for coverage of composite (tooth colored) fillings for posterior teeth.

- Basic Benefits (All other covered services)
  First Calendar Year of Eligibility  70% UCR*
  Second Calendar Year of Eligibility  80% UCR*
  Third Calendar Year of Eligibility  90% UCR*
  Fourth Calendar Year of Eligibility  100% UCR*

*Usual, Customary, and Reasonable
**Not included in annual dental maximum

If the employee and eligible dependents have used the Plan at least once during the preceding calendar year, the percentage reimbursed by the Plan increases to 80%, 90% or 100% respectively during the second, third and subsequent calendar years of eligibility for basic benefits. If the employee and eligible dependents lose eligibility, basic benefits will be reinstated at 70 percent if you again become eligible for the Plan.

Section 4. Vision Care

a) The City shall provide vision care coverage for employee and dependents. Coverage is equivalent to the $20 deductible Vision Services Plan A.

b) Dependents will include domestic partners, as defined under Article XVII, Section 1 (active employee domestic partners).
Section 5. Employee Assistance Plan

The Employee Assistance Plan (EAP) provides employees with confidential personal counseling, work and family related issues, eldercare, substance abuse, etc. In addition, EAP programs provide a valuable tool for supervisors to refer troubled employees to professional outside help. This service staffed by experienced clinicians is available to employees and their dependents by calling a toll-free phone line 24 hours a day, seven days a week. Guidance is also available online.

ARTICLE XVIII – RETIREMENT MEDICAL PLAN

Section 1. Monthly City-paid premium contributions for a retiree-selected PEMHCA optional plan will be made in accordance with the Public Employees' Medical and Hospital Care Act Resolution for employees that retire on or before December 31, 2006. Effective January 1, 2007 the City will pay up to the monthly medical premium for the 2nd most expensive plan among the existing array of plans during the contract term. If CalPERS changes the plans it offers, the City and the Union will meet and confer over the City continuing to provide an equivalent benefit at an equivalent cost.

For the 2006 calendar year, the City’s contribution toward dependent coverage is 65% of the difference between the applicable “Employee and One Dependent” or “Family” maximum employer contribution for “Employee Only” coverage. For 2007 the City’s contribution was 70%. For 2008, the City’s contribution increased to 75%. This contribution for dependents will increase annual by 5% of the difference between the single party premium and the two-party or family premium, until such time as the premium of the affected dependent(s) is fully covered.

Retiree Medical coverage for Unit employees hired after January 1, 2004 shall be as follows:

a. Twenty (20) year vesting in CalPERS system for the full retiree medical benefit, specified in the preceding paragraph, including a minimum of five (5) years with the City of Palo Alto.

b. Employees to receive Fifty (50%) percent of benefit after ten (10) years; each additional service credit year after Ten (10) years will increase employer credit by Five (5%) percent until Twenty (20) years is reached at which time employee is eligible for One Hundred (100%) percent and Ninety (90%) percent for dependents. Notwithstanding any other term of this section, the City of Palo Alto’s health premium contribution for eligible post January 1, 2004 hires shall be not be less than the minimum contribution set by PERS under Government Code Section 22893 based on a weighted average of available health plan premiums.

ARTICLE XIX – BASIC LIFE INSURANCE

The City shall provide a basic life and AD & D insurance plan in an amount equal to the employee's annual basic compensation (rounded to the next highest $1,000).
ARTICLE XX- SUPPLEMENTAL LIFE INSURANCE

An employee may, at his/her cost, purchase additional life insurance and additional AD&D coverage. The total amount of life insurance available to the employee is $325,000 and the total amount of AD&D coverage available is $325,000.

ARTICLE XXI- LONG TERM DISABILITY INSURANCE

In lieu of providing long-term disability insurance program to eligible employees, the City shall add $40.00 per month to the base salary of eligible employees. This $40.00 per month shall not be calculated into the labor market salary comparison.

ARTICLE XXII - EFFECTIVE DATE OF BENEFIT COVERAGE FOR NEW EMPLOYEES

For newly-hired regular employees coverage begins on the first day of the month following date of hire for the health plan, dental plan, vision care plan, life insurance and long term disability plans if these benefits are elected.

ARTICLE XXIII- WORKERS’ COMPENSATION

Persons on disability will be required to appear or otherwise report at regular two-week intervals to the Fire Chief or designate to discuss his/her status and ability to return to full or restricted work status. This section is not meant to unreasonably restrict employee's activities so long as such activities are cleared by the treating physician, treating program or alternative treatment program is maintained and employee is available for full or restricted duty as soon as medical clearance can be received.

ARTICLE XXIV- RETIREMENT PENSION PLANS

Section 1. Miscellaneous Member Pension Formula.
Effective pay period inclusive of 1/6/07, the City’s California Public Employees’ Retirement System (CalPERS) benefits shall change to the 2.7% at 55 formula for Miscellaneous members (from 2% at 55).

Section 2. Employee Share of PERS Contribution.
Effective May 1, 1984, the City agreed to pay the 7% employee contribution to CalPERS on behalf of Miscellaneous CalPERS Plan members. Effective with the pay period inclusive of 1/6/07, the City contribution was increased to cover the cost of the 2.7 at 55 retirement formula. Beginning June 30, 2010, the City shall pay 6% and the employee shall pay 2% of the 8% CalPERS employee contribution for the 2.7 at 55 retirement benefit formula. For sworn fire management employees the City shall continue to pay the mandatory nine percent (9%) of the employee's Safety CalPERS Plan contribution.

Section 3. Conversion to Pay Rate.
Notwithstanding section 2 above, effective the pay period inclusive of 1/6/07, upon filing a notice of retirement, the 6% City-paid CalPERS contribution (9% for Safety fire management personnel) will be converted to a salary adjustment of equal amount on a one-time irrevocable basis for the final compensation
period which is defined as the highest average compensation earnable (salary) during the year immediately preceding retirement or any other designated consecutive year. The employee shall simultaneously assume paying the entire employee CalPERS contribution. Employee CalPERS contributions shall be made on a tax deferred basis, in accordance with Section 414(h) (2) of the Internal Revenue Code. All provisions of this subsection are subject to and conditioned upon compliance with IRS regulations.

Section 4. Safety Member Pension Formula.
As of October 20, 2001, the City provides the California Public Employees' Retirement System (CalPERS) Benefit, "3% at 50" full formula (Section 21362.2) for Safety members.

Section 5. Status Determination. An employee’s membership in and designation as Safety or Miscellaneous for CalPERS pension plan purposes shall be determined based on applicable California law.

ARTICLE XXV - MISCELLANEOUS EMPLOYMENT-RELATED EXPENSES

Section 1. Station House Fund.
The Station House Fund per year per shift employee shall be $48.00.

Section 2. Non-Food House Items.
The City agrees to furnish and maintain each fire station with the following non-food house fund items: TV purchase and repair, the San Jose Mercury News, and the San Francisco Chronicle to be selected on an annual basis. Kitchen cooking utensils, small kitchen appliances and other specific items to be determined by mutual agreement of the parties will be purchased from the Station House Fund.

Section 3. Per Diem Travel Expenses For City Business.
Unless other mutually agreeable arrangements are made, representation unit employees who are required to travel away from the City on City business will receive travel expenses, according to City policies which are currently in effect.

Section 4. Parking.
Employees in represented classes assigned to Civic Center or adjacent work locations shall be entitled to free parking in the Civic Center Garage, or a commute incentive which will be subject to meet and confer. Employees hired after July 1, 1994 may initially receive a parking permit for another downtown lot subject to availability of space at the Civic Center garage. Light duty employees assigned to the Civic Center will receive Civic Center parking temporary permits for the duration of the light duty assignment.

ARTICLE XXVI– RESIDENCY

For purposes of emergency response availability, represented employees shall live within 90 miles travel distance of the city limits of Palo Alto. This provision shall not apply to represented employees appointed to the Battalion Chief classification prior to 1990.
ARTICLE XXVII - FULL UNDERSTANDING

Section 1. The Memorandum of Agreement contains the full and entire understanding of the parties regarding the matters set forth herein.

Section 2. Severability. Should any of the provision herein contained be rendered or declared invalid by reason of any State or Federal legislation, or by ruling of any court of competent jurisdiction, such invalidation of such part or portion of this Memorandum of Agreement shall not invalidate the remaining portions hereof, and they shall remain in full force and effect, insofar as such remaining portions are severable.

Section 3. It is the intent of the parties that ordinances, resolutions, rules and regulations enacted pursuant to this Memorandum of Agreement be administered and observed in good faith.

Section 4. Nothing in this Memorandum of Agreement shall preclude the parties from mutually agreeing to meet and confer on any subject with the scope of representation during the term of this agreement.

Section 5. Merit System Rules and Regulations During the term of this Memorandum of Agreement, Management may propose certain changes in the City Merit System Rules and Regulations. With regard to such changes which pertain to the representation unit, the parties agree to review, and upon request, meet and confer regarding the changes.

ARTICLE XXVIII - DURATION

This Memorandum of Agreement shall become effective upon signing by the parties hereto except that those provisions herein that have specific expressly stated effective dates (e.g. the wages increases designated in Article V) shall take effect on those dates regardless of signing date, once this Memorandum of Agreement is signed by the parties hereto. This Memorandum of Agreement shall remain in effect until June 30, 2010.

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EXECUTED:

FOR:
PALO ALTO FIRE CHIEFS' ASSOCIATION

s/Tony Spitaleri, Chief Spokesperson
s/Donald Dudak
s/Niles Broussard
s/Ron Bonfiglio
s/Kim Roderick

FOR:
CITY OF PALO ALTO

s/James Keene, City Manager
s/Nick Marinaro, Fire Chief
s/Dan Lindsey, Deputy Fire Chief
s/Russ Carlsen, Human Resources Director
s/Sandra Blanch, Human Resources Assistant Director
s/Darrell Murray, Chief Spokesperson
MEMORANDUM OF AGREEMENT

CITY OF PALO ALTO AND PALO ALTO FIRE CHIEFS' ASSOCIATION

July 1, 2004 through June 30, 2006

PREAMBLE

This Memorandum of Agreement between the City of Palo Alto, hereinafter referred to as the "City", and the Palo Alto Fire Chiefs' Association, hereinafter referred as the "Association", has been prepared and entered into in accordance with Title I, Division 4, Chapter 10, Sections 3500-3510 of the California Government Code and Chapter 12 of the City of Palo Alto Merit System Rules and Regulations.

ARTICLE I - RECOGNITION

Section 1. The City recognizes the Association as the exclusive representative of an employee group consisting solely of the classifications of Battalion Chief 56-hour workweek, Battalion Chief 40-hour workweek and Emergency Medical Services Chief, Coordinator Environmental Protection, and Emergency Medical Services Coordinator who are regularly employed by the City.

ARTICLE II - NO DISCRIMINATION

Section 1. The Association and the City hereby agree that there shall be no discrimination because of race, color, age, handicap, sex, national origin, sexual orientation, political or religious affiliation under this Agreement. There shall be no discrimination in employment conditions or treatment of employees on the basis of membership or nonmembership in the Association, or participation in the lawful activities of the Association.

Section 2. The Association and the City hereby agree to protect the rights of all employees to exercise their free choice to join the Association and to abide by the express provisions of applicable State and local laws.

ARTICLE III - PAYROLL DEDUCTIONS

Section 1. The City shall deduct Association membership dues and other mutually agreed upon payroll deductions from the bi-weekly pay of member employees. The dues deduction must be authorized in writing by the employee on an authorization card acceptable to the Association and the City. The City shall remit the deducted dues to the Association as soon as possible after deduction.

All Union members on payroll deduction for payment of Union dues as of 5:00 p.m. on the tenth day following signing of this Memorandum of Agreement must remain on payroll deduction for the life of the Memorandum of Agreement, or so long as they remain members of the representation unit. Union members who establish dues payroll deduction during the term of the Memorandum of Agreement must remain on payroll deduction for the life of the Memorandum of Agreement, or so long as they remain members of the representation unit. Union members on dues payroll deduction may declare their intention to terminate such payroll deduction following expiration of this Memorandum of Agreement.
during the thirty-day period between sixty and ninety days prior to expiration of the Memorandum of Agreement.

Section 2. Agency Shop
Pursuant to legislation enacted by SB 739 and amendment to the Meyers-Milias-Brown Act, the City and the Union agree to abide by the following provisions as they relate to an agency shop and an agency shop election.

a) Agency Shop as defined under Meyers-Milias Brown means “an arrangement that requires an employee, as a condition of continued employment, either to join the recognized employee organization, or to pay the organization a service fee in an amount not to exceed the standard initiation fee, periodic dues, and general assessments of the organization.” The City and the Union agree that an agency shop arrangement between the City and the Union shall be placed in effect upon ratification of this agreement.

b) Any employee who is a member of a bona fide religion, body, or sect that has historically held conscientious objections to joining or financially supporting public employee organizations shall not be required to join or financially support any public employee organization as a condition of employment. The employee may be required, in lieu of periodic dues, initiation fees, or agency fees, to pay sums equal to the dues, initiation fees, or agency fees to a nonreligious, no labor charitable fund exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, chosen by the employee from a list of at least three organizations, or if the memorandum of understanding between the City and the Union fails to designate the funds, then to any such fund chosen by the employee. Proof of the payments shall be made on a monthly basis to the City as a condition of continued exemption from the requirement of financial support to the Union.

c) Covered employees shall execute written authorization for either Union dues deductions, the agency fee, or, if eligible, the charitable contribution. In the absence of a written authorization the City shall deduct the agency fee from the employee’s paycheck.

d) If implemented, an agency shop provision may be rescinded by a majority vote of all the employees in the unit covered by the Memorandum of Understanding pursuant to the Meyers-Milias-Brown Act.

e) The Union shall keep an adequate itemized record of its financial transactions and shall make available annually, to the City and to the employees who are members of the organization, within 60 days after the end of its fiscal year, a detailed written financial report thereof in the form of a balance sheet and an opening statement, certified as to accuracy by its president and treasurer or corresponding principal officer, or a certified public accountant.

f) The Union shall indemnify and hold the City harmless against any liability arising from any claims, demands, or other action relating to the City’s compliance with the agency shop obligation. The Union shall comply with all statutory and legal requirements with respect to Agency Shop.
ARTICLE IV - NO STRIKES

Section 1. The Association, its representatives, or members, shall not engage in or cause, instigate, encourage, sanction, or condone a strike, withholding of services, leave of absence abuse, work stoppage or work slowdown of any kind against the City of Palo Alto or its citizens by employees covered under this Agreement. No employee shall refuse to cross any picket line in the conduct of Fire Department business, nor shall the Association, its representatives or members discriminate in any way toward anyone who refuses to participate in a strike, or any of the job actions cited above.

ARTICLE V - SALARY PROVISIONS

Section 1. Salary Range Adjustments.

a) Effective with pay period including July 1, 2004, a four percent (4%) increase will be applied to the control point of all represented classes.

b) Effective with the pay period including July 1, 2005, a three percent (3%) increase will be applied to the control point of all represented classes.

c) Effective January 1, 2008, the City shall add twelve thousand dollars ($12,000) to the annual base rate of 56 hour Battalion Chiefs ($4.12) per hour based on a 2912 hour work year. Effective with pay period including January 1, 2006, a 1-1.5% increase based on labor market data shall be applied to the control point of all represented classes.

d) Effective with the pay period including January 1, 2008, a three percent (3%) increase will be applied to the control point of all represented classes, after application of the increase set out in subsection (c) of this section.

e) Effective with the pay period including July 1, 2009, a four percent (4%) increase will be applied to the control point of all represented classes.

Section 2. Compression Between Captain and Battalion Chief.

During the term of this agreement a 16% differential will be maintained between E-step Captain and Battalion Chief 56-hour workweek control point.

Section 3. EMT Differential.

Employees in represented classifications who maintain EMT certification will receive a three percent (3%) differential in addition to their base salary.

Section 4. 40-hour Work Week Assignment Differential

Employees assigned to a 40-hour workweek schedule will be paid a differential of five percent (5%) of base salary in-lieu of holiday pay differential which 56-hour shift Battalion Chiefs receive.
Section 45. Out of County Strike Team Pay.
The City will pay an employee sent on out of County strike team duty a flat twelve hundred dollar ($1200) wage payment beyond the employee’s normal salary for twenty-four (24) hour shift of such duty per non-regular work hours if the City receives reimbursement from the state or federal government for the labor costs incurred by the City for such expenses. Payment for partial shifts on such duty shall be prorated. For 40-hour Battalion Chief, payment for non-regular work hours will be prorated. A Personnel Action Form will be completed in a timely manner to process this payment.

ARTICLE VI — HOLIDAYS

Section 1. Named Holidays.
The following holidays are recognized as municipal holidays for pay purposes and non-shift employees shall have these days off with pay, except as otherwise provided in these rules:

January 1
Third Monday in January
Third Monday in February
Last Monday in May
July 4th
First Monday in September
Second Monday in October
Veteran’s Day, November 11
Thanksgiving Day
Day after Thanksgiving Day
December 25
Either December 24 or December 31 as provided below

Section 12. 56-Hour Work Week Assignments.

Employees assigned to a 56-hour workweek schedule will receive 5.75 hours straight time regular pay per pay period in lieu of holidays to a maximum payment of 149.5 hours per year.

149.5 hour is the total amount of holiday hours paid annually to an employee divided by 26 payroll periods which equals 5.75. Shift personnel shall receive pay in lieu of taking paid leave for accrued holidays. Such paid hours are in biweekly amount of 5.75 holiday hours. Holiday hours are prorated and accrued based on hours actually worked. If employees elect to be paid for these holiday hours at any time before the scheduled payoff they must have sufficient hours in their holiday account and must complete the Cash-out Request Form.

Accrued holiday balances of shift employees will be automatically paid off in the months of June and December.

Section 23. 40-Hour Work Week Assignments.

Employees assigned to a 40-hour workweek schedule will receive paid holidays in accordance with Sections 517 and 518 of the Merit System Rules and Regulations. The Emergency Medical Services Coordinator who works a schedule where a holiday falls on a regular day off, may, with supervisory approval, take another day off within the pay period or the following pay period.
ARTICLE VII - VACATION ACCRUAL

Section 1. Vacation will be accrued when an employee is in a pay status and will be credited on a bi-weekly basis. Such accrual balance and credit may not exceed three times the annual rate of accrual. Accrual rates are by work week assignments as indicated in Section 1 and Section 2 below.

Section 12. 56-Hour Workweek Assignments.

Employees assigned to a 56-hour workweek schedule (24-hour shift) will accrue vacation at the following rate for continuous service performed in a pay status.

a. For employees completing less than four (4) years continuous service, the accrual rate shall be five (5) duty shifts per year.

b. For employees completing four (4), but less than nine (9) years continuous service, the accrual rate shall be eight (8) duty shifts per year.

c. For employees completing nine (9), but less than fourteen (14) years continuous service, the accrual rate shall be ten (10) duty shifts per year.

d. For employees completing fourteen (14), but less than nineteen (19)-years continuous service, the accrual rate shall be eleven (11) duty shifts per year.

e. For employees completing nineteen (19) or more years continuous service, the accrual rate shall be twelve (12) duty shifts per year.

Section 23. 40-Hour Workweek Assignments.

Personnel assigned to a 40-hour workweek schedule will accrue vacation at the following rate for continuous service performed in a pay status.

a. For employees completing less than four (4) years continuous service, the accrual rate shall be eighty (80) hours per year.

b. For employees completing four (4), but less than nine (9) years continuous service, the accrual rate shall be one-hundred twenty (120) hours per year.

c. For employees completing nine (9), but less than fourteen (14) years continuous service, the accrual rate shall be one-hundred sixty (160) hours per year.

d. For employees completing fourteen (14), but less than nineteen (19) years continuous service, the accrual rate shall be one-hundred eighty (180) hours vacation leave per year.

e. For employees completing nineteen (19) or more years continuous service, the accrual rate shall be two-hundred (200)-hours vacation leave per year.
ARTICLE VIII - VACATION CASH OUT

Section 1. Limitation on Use.
Employees may not use more than three times their annual rate of accrual in any calendar year period provided, however, that the Chief may grant exceptions to this limitation.

Section 2. Cash out Option.
Once each calendar year an employee may cash out eight (8) or more hours of vacation accrual in excess of eighty (80) hours (or 5 five duty shifts), to a maximum of one hundred twenty (120) 80 hours (or five (5) duty shifts), provided that the employee has taken eighty (80) hours of vacation off with pay in the previous twelve (12) months at least the number of hours cashed out.

ARTICLE IX - MANAGEMENT ANNUAL LEAVE

Section 1. Forty (40) hour workweek employees not eligible for overtime shall be credited at the beginning of each fiscal year with eighty (80) hours of annual leave which may be taken as paid time off, added to vacation accrual (subject to vacation accrual limitations), taken as cash or taken as deferred compensation. Entitlement under this provision will be reduced on a prorated basis for part-time status, or according to the number of months in paid status during the fiscal year. Unused balances as of the end of the fiscal year will be paid in cash, unless a different option as indicated above is elected by the employee.

Section 2. Management Annual Leave for 56 Hour Employees.
Effective January 1, 2008 and on each July 1 thereafter each Battalion Chief who works a 56 hour workweek shall be credited with eighty (80) hours of management leave. Management leave will be subject to the same terms, policies and procedures as apply to forty (40) hour workweek employees eligible for such leave as provided in section 1 above.

ARTICLE X - OTHER PAID LEAVES

Section 1. City Manager Granted Leaves.
The City Manager may grant a regular employee under his control a leave of absence with pay for a period not exceeding thirty calendar days for reasons he deems adequate and in the best interest of the City.

Section 2. Council Granted Leave.
The City Council may grant a regular employee a leave of absence with pay for a period not to exceed one year for reasons the Council considers adequate and in the best interest of the City.

Section 3. Employee's Time Off to Vote.
Time off with pay to vote at any general or direct primary election shall be granted as provided in the State of California Elections Code, and notice that an employee desires such time off shall be given in accordance with the provisions of said Code.

Section 4. Leaves of Absence: Death in Immediate Family.
Leave of absence with pay of one shift for 56-hour shift employees with provision for approval of one additional shift for travel outside the area may be granted an employee by the Chief in the event of death in
the employee's immediate family, which is defined for purposes of this section as wife, husband, son, son-in-law, daughter, daughter-in-law, father, mother, brother, brother-in-law, sister, sister-in-law, mother-in-law, father-in-law, step-father, step-mother, step-sister, step-brother, grandfather, grandfather-in-law, grandmother, grandmother-in-law, uncle, aunt, niece, nephew, registered domestic partner, or a close relative residing in the household of the employee. Such leave shall be at full pay and shall not be charged against the employee's accrued vacation or sick leave. Requests for leave in excess of two shifts shall be subject to the approval of the City Manager. Employees assigned to a 40-hour work week are eligible for leave of absence granted by the Chief with pay for three days in the event of death in the employee's immediate family which is defined above.

Section 5. Jury Duty; Leave of Absence.
Employees required to report for jury duty shall be granted a leave of absence with pay from their assigned duties until released by the court, provided the employee remits to the City all fees received for such duties other than mileage or subsistence allowances within thirty days from the termination of his or her jury service.

Section 6. Subpoenas.
Employees required to answer subpoenas as a witness for the City of Palo Alto or for a plaintiff where the City of Palo Alto is a defendant shall not lose pay or benefits for work time lost to answer depositions or to appear in court.

ARTICLE XI - OTHER LEAVE PROVISIONS

Section 1. Disability.
Leaves of absence without pay may be granted in cases of disability not covered by sick leave. Pregnancy will be considered as any other disability. Leaves of absence for disability are subject to physician's verification including diagnosis and medical work restriction.

Section 2. Other Unpaid Leaves.
Leaves of absence without pay may be granted in cases of personal emergency or when such absences would not be contrary to the best interest of the City. Non-disability prenatal and/or postpartum leave is available under this provision, but such leave shall not begin more than six months prenatal nor extend more than six months postpartum.

Section 3. Accrued Vacation Credits.
During unpaid leaves of absence for disability or other reasons, the employee may elect to use accrued vacation credits. Requests for leaves without pay shall not be unreasonably denied. In order to avoid misunderstandings, all leaves without pay must be in writing to be effective.

Section 4. Approval of Department Head.
Leave of absence without pay for one week or less may be granted by the department head, depending on the merit of the individual case.

Section 5. Approval by City Manager.
Leave of absence without pay in excess of one week's duration may be granted by the City Manager on the merit of the case, but such leave shall not exceed twelve months' duration.
Section 6. Absence Without Leave.
Unauthorized leave of absence shall be considered to be without pay, and reductions in the employee's pay shall be made accordingly. Unauthorized leave of absence may result in termination of employment.

Section 7. Leave of Absence; Death Outside the Immediate Family.
Leave without pay may be granted a regular employee by his/her department head in the event of death to family members other than one of the immediate family, such leave to be granted in accordance with Section 2 and Section 4.

Section 8. Military Leave of Absence.
State law shall govern the granting of military leaves of absence and the rights of employees returning from such absence.

ARTICLE XII - VOLUNTARY CATASTROPHIC LEAVE PROGRAM

Section 1. The City of Palo Alto has established a Firefighter Voluntary Leave Program to provide the FCA employees the opportunity to donate their accrued vacation time to assist fellow members of IAFF either due to: (a) an employee’s own verifiable non-industrial catastrophic illness or injury (as defined herein) or (b) in order to care for a member of the employee’s immediate family (spouse, child, parent or registered domestic partner suffering from a verifiable catastrophic illness or injury) and have exhausted or will presently exhaust all of their paid leave.

Section 2. In order to be eligible to receive donated leave, an employee must have a catastrophic illness or injury or an employee’s immediate family member must have a catastrophic illness or injury that requires the employee to provide full-time care for this family member. Care will be taken to emphasize the voluntary nature of the plan and to insure confidentiality of employee participants and medical conditions (where applicable).

Section 3. A Firefighter Voluntary Leave Sharing Program has been established to accept donations of vacation in accordance with the Program’s guidelines. All donations shall be:

a) Voluntary
b) Irrevocable
c) Confidential, unless disclosure is required by law
d) In whole hour increments of at least four (4) hours, with the hours donated being converted to donee hours based on the donee’s salary rate (so that there will be no cost to the City due to salary differential).
e) The employee shall be required to exhaust all other types of leave to request donated leave
f) It is understood that employees seeking or receiving leave under this program will apply for long-term disability benefits for which they may be eligible
g) Where any of the period during which an employee receives donated leave is designated as family leave under the California Family Rights Act (CFRA/Family Medical Leave Act (FMLA), the employee will be eligible for continuation of medical and other available benefits during that the family leave period (for up to 12 weeks), in accordance with the requirements of those laws. If the employee receiving donated leave is not eligible for CFRA/FMLA benefit continuation, or after the
employee has exhausted the available CFRA/FMLA leave period, the employee will need to pay the
premiums for continued medical and other available benefits if the employee chooses to continue
such coverages through the City
h) If the donation request is based on the need for an employee to care for an immediate family
member, as defined above, the family member must require full-time care by the employee.
Certification of this requirement by a health care professional is required
i) The maximum donated time a donee may receive is 12 months (if available).
j) Applications to donate leave or receive leave under this Program are made to the Human Resources
Department
k) This is a pilot program and is subject to cancellation by either party

Section 4. FCA members interested in donating leave or in applying to receive donated leave shall complete
forms provided by the Human Resources Department. If an applicant for leave is found to meet the criteria
set forth herein, Human Resources will determine the availability of and (as applicable) allocation of donated
paid leave. Payroll will be notified in writing of the number of hours to be deducted from each donating
employee’s vacation balance and transferred to the donee employee(s).

Section 5. The City reserves the right to modify or terminate this program at any time.

Section 6. Catastrophic Illness or Injury (also referred to as “medical emergency” in Revenue Ruling 90-29
and Sections 801(c) and 812 of the Merit Rules and Regulations): A non-occupational medical condition of
an employee that will require the prolonged absence of the employee from duty and which will result in a
substantial loss of income to the employee because the employee will have exhausted all paid leave available
apart from the Voluntary Employee Leave sharing Program. Non-disability postpartum leave as referenced
in Merit Rule 801(b) shall not be considered a catastrophic illness or injury under this Policy.

ARTICLE IX-XIII - OVERTIME COMPENSATION FOR BATTALION CHIEF
CLASSIFICATIONS

Section 1. Through December 31, 2007, employees in the FLSA exempt Battalion Chief classifications
will be paid overtime at the rate of time and one-half for hours authorized and worked in excess of the
workweek schedule (56 hours). Shift personnel assigned to overtime relief duty shall receive overtime
compensation at a rate of one and one-half times the employee’s basic 56-hour rate for all hours of the relief
duty shift. Required off-duty training will be compensated at the rate of one and one-half times the basic 40-
hour rate, and emergency callback will be compensated at the rate of one and one-half times the basic 40-
hour rate to a maximum of eight hours, and at a rate of one and one-half times the basic 56-hour rate for
those hours in excess of eight hours. All overtime hours must be pre-authorized by the Fire Chief or
designee.

Section 2. Effective January 1, 2008 employees in FLSA exempt positions as determined by the City in
accordance with the FLSA, including but not limited to Battalion chiefs, are salaried employees and will not
be eligible for overtime pay. Non-FLSA exempt personnel shall receive overtime compensation at the rate
of one and one-half (1½) times the employee’s regular hourly rate of pay for all hours worked in excess of
forty (40) hours in a workweek. All overtime hours must be pre-authorized by the Fire Chief or designee.
Section 3. Effective July 1, 2008 an individual Battalion Chief shall not in any fiscal year be required to work more than four (4) shifts to fill a shift vacancy (arising due to another Battalion Chief's absence or termination) that would have been compensated with overtime under the overtime provisions in effect prior to July 1, 2008. However, this limitation shall not apply in the event of a major emergency (e.g. earthquake, major conflagration, weather disaster, etc.), nor shall it apply to required attendance of staff meetings, strike team meetings, training, or other such incidental non-shift activities.

Section 4. Assignment. The City may, at its discretion, assign and work a Fire Captain as a Battalion Chief to temporarily fill a vacant Battalion Chief position or to backfill behind an incumbent Battalion Chief on leave, or to perform duties that would otherwise involve a call-back of a Battalion Chief.

ARTICLE X - MANAGEMENT ANNUAL LEAVE - 40 HOUR BATTALION CHIEF

Eligibility for management annual leave is limited to 40-hour workweek employees not eligible for overtime. At the beginning of each fiscal year eligible employees will be credited with 80 hours of annual leave which may be taken as paid time off, added to vacation accrual (subject to vacation accrual limitations), taken as cash or taken as deferred compensation. Entitlement under this provision will be reduced on a prorated basis for part-time status, or according to the number of months in paid status during the fiscal year. Unused balances as of the end of the fiscal year will be paid in cash, unless a different option as indicated above is elected by the employee.

ARTICLE XIV - PROFESSIONAL DEVELOPMENT - REIMBURSEMENT

Effective July 1, 2004 the Professional Development program is hereby amended to provide each employee the option of receiving the $1,000 as taxable cash or as a contribution to deferred compensation. This selection shall be made each May to be effective throughout the following fiscal year (except for the 2004 fiscal year, it shall be made within 30 days following ratification of this agreement). Once the election is made for the fiscal year, it is irrevocable.

Reimbursement for authorized self-improvement activities is granted to each represented employee up to a maximum of $500 per fiscal year. Entitlement under this provision will be reduced on a prorated basis for part time status or according to the number of months in paid status during the fiscal year. The following items are eligible for reimbursement:

a). Civic and professional association memberships

b). Conference participation and travel expenses

c). Educational programs/tuition reimbursement. The education must maintain or improve the employee's skills in performing his or her job, or be necessary to meet the express requirements of the City or the requirements of applicable law. The education to which the reimbursement relates must not be part of a program qualifying the employees for another trade or business; or be necessary to meet the minimum educational requirements for qualification for employment. Permissible educational expenses are refresher courses, courses dealing with current developments, academic or vocational courses, as well as the travel expenses associated with the courses.
d. Professional and trade journal subscriptions.

e. Subject to Internal Revenue Service regulations and with the written prescription of a medical doctor, an employee may be reimbursed for a personal health program as treatment for a diagnosed injury or illness.

f. Purchase of job related computer software and hardware, internet access, telecommunications equipment and home office equipment/furniture. Reimbursement for any of these expenses is taxable to the employee.

g. Subject to Internal Revenue Service regulations and with the written prescription of a medical doctor, an employee may be reimbursed for a personal health program as treatment for a diagnosed injury or illness.

**ARTICLE XHV - EXCESS BENEFIT REIMBURSEMENT**

Reimbursement for approved excess benefit expenses will be granted up to a maximum of $2,500 per fiscal year each for management and professional employees. Entitlement under this provision will be reduced on a prorated basis for part time status or according to the number of months in paid status during the fiscal year. The following benefit items are eligible for reimbursement:

a. Life insurance premiums for City-sponsored plans, subject to federal and state tax limitations.

b. Excess medical/dental expenses for employee and dependents, which are not covered by existing City-sponsored plans. This includes prescribed medications and copayments as well as over-the-counter drugs, including: antacids, allergy medicines, pain relievers and cold medicines. However, nonprescription dietary supplements such as vitamins, toiletries (e.g. toothpaste), cosmetics (e.g. face cream), and items used for cosmetic purposes (e.g. Rogaine) are not acceptable.

c. Excess professional development items, which are otherwise approved, to the extent they are not paid or reimbursed under any other plan of the City.

d. Dependent care expenses under the City's Dependent Care Assistance Program ("DCAP"), subject to the following limits: Dependent care expenses will be reimbursed only to the extent that the amount of such expenses reimbursed under this Management Benefit Program, when added to the amount (if any) of annual dependent care expenses that the participant has elected under the City's Flexible Benefits Plan, do not exceed the maximum permitted under the DCAP.

1) The annual amount submitted for reimbursement cannot exceed the income of the lower-paid spouse.

2) The expenses must be employment-related expenses for the care of one or more dependents who are under 13 years of age and entitled to a dependent deduction under Internal Revenue Code section 151(e) or a dependent who is physically or mentally incapable of caring for himself or herself.
3) The payments cannot be made to a child under 19 years of age or to a person claimed as a dependent.

4) If the services are provided by a dependent care center, the center must comply with all state and local laws and must provide care for more than six individuals (other than a resident of the facility).

5) Dependent care expenses not submitted under this section are eligible under the City Dependent Care Assistance Plan (DCAP). However, the maximum amount reimbursed under DCAP will be reduced by any amount reimbursed under the Excess Benefit Plan.

e. If the full Excess Benefit reimbursement is not used during the fiscal year, the difference between the amount used and the maximum (or pro-rated maximum) shall be applied at the employee’s option to deferred compensation under the City’s plan(s). Notwithstanding the foregoing, no expense shall be reimbursed under this Excess Benefit Reimbursement Program unless the payment of such reimbursement will be nontaxable to the recipient under the applicable income tax laws.

Section 1. Effective January 2007, the benefit provided by this Article is designed to meet the requirements of Section 125 of the Internal Revenue Code. Every calendar year, each employee will be provided with $2,500 that they can designate among the following options:

a) Medical Flexible Spending Account (Medical FSA). Provides reimbursement for excess medical/dental/vision, or expenses that are incurred by employees and their dependents which are not covered or reimbursed by any other source, including existing City-sponsored plans. This includes prescribed medications and co-payments as well as over-the-counter drugs, including: antacids, allergy medicines, pain relievers and cold medicines. However, nonprescription dietary supplements (e.g. vitamins, etc.) toiletries (e.g. toothpaste), cosmetics (e.g. face cream), and items used for cosmetic purposes (e.g. Rogaine) are not acceptable.

b) Dependent Care Flexible Spending Account (Dependent Care FSA). Provides reimbursement for qualified dependent care expenses under the City's Dependent Care Assistance Program (DCAP), subject to the following limits. Dependent care expenses will be reimbursed only to the extent that the amount of such expenses reimbursed under this Management Benefit Program, when added to the amount (if any) of annual dependent care expenses that the participant has elected under the City's Flexible Benefits Plan, do not exceed the maximum permitted under the DCAP.

1) The annual amount submitted for reimbursement cannot exceed the income of the lower-paid spouse.

2) The expenses must be employment-related expenses for the care of one or more dependents who are under 13 years of age and entitled to a dependent deduction under Internal Revenue Code section 151(e) or a dependent who is physically or mentally incapable of caring for himself or herself.

3) The payments cannot be made to a child under 19 years of age or to a person claimed as a dependent.
4) If the services are provided by a dependent care center, the center must comply with all state and 
local laws and must provide care for more than six individuals (other than a resident of the 
facility).

5) Dependent care expenses not submitted under this section are eligible under the City 
Dependent Care Assistance Plan (DCAP). However, the maximum amount reimbursed under 
DCAP will be reduced by any amount reimbursed under the Excess Benefit Plan.

c) Non-taxable Professional Development Spending Account.
   Provides reimbursement for Non-Taxable professional development expenses (e.g., job-related 
training and education, seminars, training manuals, etc.) to the extent they are not paid or reimbursed 
under any other plan of the City.

d) Deferred Compensation. Provides a one-time contribution to the employee’s City-sponsored 457 
Deferred Compensation plan with either ICMA-RE or the Hartford.

Amounts designated by employees to either the Medical FSA, Dependent Care FSA, or Professional 
Development options are done so on a “use-it-or-lose-it” basis. This means that any amounts designated 
and not used by the end of the calendar year (or end of the extended grace period for the medical FSA) 
will be forfeited by the employee and returned to the plan.

Specified amounts under this benefit will be applied on a pro-rata basis for employees who are part-time 
or who are in a management or professional pay status for less than the full fiscal year. Such benefits will 
be pro-rated in the first year of employment (based on hire date) but will not be pro-rated upon separation 
of employment.

ARTICLE XHIVI - PHYSICAL EXAMS

Physical fitness medical examinations for all represented employees will be provided in accordance with 
the Fire Department Physical Fitness Program General Order.

ARTICLE XIVVII - BENEFIT PROGRAMS

Section 1. Health Plan

Benefits will be provided in accordance with provisions of the California Public Employees Retirement 
System (CalPERS) Public Employers Medical and Health Act (PEMHCA) Health Plans. Monthly City-
paid premium contributions for an employee-selected PEMHCA optional plan will be made to the 
maximum amount indicated in each category below through December 31, 2006. Effective January 1, 
2007 the City will pay up to the monthly medical premium for the 2nd most expensive plan among the 
existing array of plans during the contract term. If CalPERS changes the plans it offers, the City and the 
Union will meet and confer over the City continuing to provide an equivalent benefit at an equivalent 
cost.
<table>
<thead>
<tr>
<th>Eligible Active Employees</th>
<th>Number of Parties Covered</th>
<th>Monthly City Contribution</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Employee Only</td>
<td>Premium for plan selected</td>
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<td></td>
<td>Not to exceed the PORAC-or-Blue Shield HMO Premium, whichever is higher second most expensive plan</td>
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<td>Employee Plus One</td>
<td>Premium for plan selected</td>
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<td>Not to exceed the PORAC-or-Blue Shield HMO Premium, whichever is higher second most expensive plan</td>
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<td>Employee Plus Two or More</td>
<td>Premium for plan selected</td>
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<td></td>
<td></td>
<td>Not to exceed the PORAC-or-Blue Shield HMO Premium, whichever is higher second most expensive plan</td>
</tr>
</tbody>
</table>

During the term of this Agreement, if CalPERS no longer offers the PORAC health plan and, as a result, an affected employee enrolls in an alternative CalPERS health plan, the City will reimburse or provide insurance to such employee or his or her dependents for documented medical expenses incurred that exceed the two million dollar ($2,000,000) lifetime maximum, if any, provided that such expense would have otherwise been covered and paid by the health plan. Such reimbursement shall be made once per fiscal year.

Active employee domestic partners whose domestic partnership is registered with the State of California will be eligible for medical benefits under this section. Active employee domestic partners whose domestic partnership is not registered with the state but who meet the requirements of the City of Palo Alto Declaration of Domestic Partnership, and are registered with the Human Resources Department, are eligible for reimbursement of the actual monthly premium cost of an individual health plan, not to exceed the individual PORAC PPO monthly premium. Evidence of premium payment will be required with request for reimbursement. Beginning January 1, 2005, AB 205, the California Domestic Partner Rights and Responsibilities Act of 2003, will become effective. This law will allow those employees who have their domestic partnership registered with the California Secretary of State to enroll their domestic partner as a dependent under their employee-selected Public Employee’s Medical and Hospital Care Act (PEMHCA) health plan. Employees whose domestic partnership does not qualify for registration through the California Secretary of State or who choose not to register their domestic partnership with the California Secretary of State, for any reason, will continue to be eligible for the individual health plan reimbursement outlined above.

Section 2. Alternate Medical Benefit

If a regular employee and/or the employee’s dependent(s) are eligible for medical insurance through another employer-sponsored or association medical plan, the employee may opt for alternative medical
insurance coverage through the other employer-sponsored or association plan and waives his/her right to the City of Palo Alto’s medical insurance coverage for same individuals. Employees electing alternative coverage and no City coverage will receive cash payments of approximately half of the “averaged monthly premiums” for their medical insurance coverage. “Averaged monthly premiums” are the average of the Kaiser HMO, Blue Shield HMO and PERS Choice PPO premiums for the employee’s City medical coverage available through the Public Employee Retirement System (CalPERS).

    The rates for 2005 are as follows:
    One Party: $160.00
    Two Party: $315.00
    Family:     $410.00

    The rates for 2006 are as follows:
    One Party:  $205.00
    Two Party:  $410.00
    Family:     $530.00

    The rates for 2007 are as follows:
    One Party:  $230.00
    Two Party:  $460.00
    Family:     $595.00

    The rates for 2008 are as follows:
    One Party:  $250.00
    Two Party:  $500.00
    Family:     $645.00

    The rates for 2009 are as follows:
    One Party:  $260.00
    Two Party:  $520.00
    Family:     $673.00

The Alternative Medical Benefit Program rates for subsequent years covered by this agreement will be determined when CalPERS formally announces the health plan rates applicable for the year in which they are to apply.

Section 3.   Dental Benefits

a) The City shall pay covered plan charges on behalf of all eligible employees and dependents. Domestic partners are considered dependents, as defined in this article. Benefits for regular part-time employees will be prorated as follows:

Employees who will work less than full time, will receive prorated premium costs for dental benefits in accordance with his/her percentage of a full-time work schedule. Part time employees currently receiving full benefits will not be impacted.
b) The City’s Dental Plan provides the following: maximum benefits per calendar year shall be $2,000 for representation unit employees and their dependents; fifty percent (50%) of reasonable charges, fifteen hundred dollars ($1,500) lifetime maximum orthodontic benefit, except that effective January 1, 2007 the dental program shall be amended to increase the lifetime maximum for orthodontics to two thousand dollars ($2,000) and allow for coverage of composite (tooth colored) fillings for posterior teeth.

- Maximum Benefits per Calendar Year $2,000 per person
- Lifetime Maximum for Orthodontics $1,500 per person**
- Major Dental Services 50% UCR*
- Orthodontics 50% UCR*
- Basic Benefits (All other covered services)
  - First Calendar Year of Eligibility 70% UCR*
  - Second Calendar Year of Eligibility 80% UCR*
  - Third Calendar Year of Eligibility 90% UCR*
  - Fourth Calendar Year of Eligibility 100% UCR*

*Usual, Customary, and Reasonable
**Not included in annual dental maximum

If the employee and eligible dependents have used the Plan at least once during the preceding calendar year, the percentage reimbursed by the Plan increases to 80%, 90% or 100% respectively during the second, third and subsequent calendar years of eligibility for basic benefits. If the employee and eligible dependents lose eligibility, basic benefits will be reinstated at 70 percent if you again become eligible for the Plan.

**Section 4. Vision Care**

a) The City shall provide vision care coverage for employee and dependents. Coverage is equivalent to the $20 deductible Vision Services Plan A.

b) Dependents will include domestic partners, as defined under Section E.1.-b). Article XVII, Section 1 (Active Employee Domestic Partners).

**Section 5. Employee Assistance Plan**

The Employee Assistance Plan (EAP) provides employees with confidential personal counseling, work and family related issues, eldercare, substance abuse, etc. In addition, EAP programs provide a valuable tool for supervisors to refer troubled employees to professional outside help. This service staffed by experienced clinicians is available to employees and their dependents by calling a toll-free phone line 24 hours a day, seven days a week. Guidance is also available online.
Section 1. Monthly City-paid premium contributions for a retiree-selected PEMHCA optional plan will be made in accordance with the Public Employees’ Medical and Hospital Care Act Resolution for employees that retire on or before December 31, 2006. Effective January 1, 2007 the City will pay up to the monthly medical premium for the 2nd most expensive plan among the existing array of plans during the contract term. If CalPERS changes the plans it offers, the City and the Union will meet and confer over the City continuing to provide an equivalent benefit at an equivalent cost.

For the 2006 calendar year, the City’s contribution toward dependent coverage is 65% of the difference between the applicable “Employee and One Dependent” or “Family” maximum employer contribution for “Employee Only” coverage. For 2007 the City’s contribution was 70%. For 2008, the City’s contribution increased to 75%. This contribution for dependents will increase annual by 5% of the difference between the single party premium and the two-party or family premium, until such time as the premium of the affected dependent(s) is fully covered.

Retiree Medical coverage for Unit employees hired after January 1, 2004 shall be modified as follows:

a. Twenty (20) year vesting in CalPERS system for the full retiree medical benefit, specified in the preceding paragraph, including a minimum of five (5) years with the City of Palo Alto.

b. Employees to receive Fifty (50%) percent of benefit after ten (10) years; each additional service credit year after Ten (10) years will increase employer credit by Five (5%) percent until Twenty (20) years is reached at which time employee is eligible for One Hundred (100%) percent and Ninety (90%) percent for dependents. Notwithstanding any other term of this section, the City of Palo Alto’s health premium contribution for eligible post January 1, 2004 hires shall be not be less than the minimum contribution set by PERS under Government Code Section 22893 based on a weighted average of available health plan premiums.

ARTICLE XVII – BASIC LIFE INSURANCE

The City shall provide a basic life and AD & D insurance plan in an amount equal to the employee's annual basic compensation (rounded to the next highest $1,000).

ARTICLE XVII-X– SUPPLEMENTAL LIFE INSURANCE

An employee may, at his/her cost, purchase additional life insurance and additional AD&D coverage. The total amount of life insurance available to the employee is $325,000 and the total amount of AD&D coverage available is $325,000.

ARTICLE XVII-XI– LONG TERM DISABILITY INSURANCE

In lieu of providing long-term disability insurance program to eligible employees, the City shall add $40.00 per month to the base salary of eligible employees. This $40.00 per month shall not be calculated into the labor market salary comparison.
ARTICLE XIXII - EFFECTIVE DATE OF BENEFIT COVERAGE FOR NEW EMPLOYEES

For newly-hired regular employees coverage begins on the first day of the month following date of hire for the health plan, dental plan, vision care plan, life insurance and long term disability plans if these benefits are elected.

ARTICLE XXIII - WORKERS' COMPENSATION

Persons on disability will be required to appear or otherwise report at regular two-week intervals to the Fire Chief or designate to discuss his/her status of medical treatment therapy and physical condition and ability to return to full duty or restricted work status. This section is not meant to unreasonably restrict employee's activities so long as such activities are cleared by the treating physician, treating program or alternative treatment program is maintained and employee is available for full or restricted duty as soon as medical clearance can be received.

ARTICLE XIX - VOLUNTARY COST SAVING MEASURES

Unit members agree to voluntarily participate in cost saving measures to target a net savings equal to One (1%) percent of unit salaries.

- Take unpaid time off (A/A type 9990) in lieu of vacation.
- A/A type 9990 shall not be taken if it would result in overtime coverage. A/A type 9990 may be taken in 8-hour increments.
- Take unpaid time off during work shifts if staffing and operational constraints permit.
- Donate vacation time.
- Donate up to $1000 from Professional Development to the City, which can be done by not using the Professional Development Benefit.

ARTICLE XXIV - RETIREMENT PENSION PLANS

Section 1. Miscellaneous Member Pension Formula.
Effective pay period inclusive of 1/6/07, the City's California Public Employees' Retirement System (CalPERS) benefits shall change to the 2.7% at 55 formula for Miscellaneous members (from 2% at 55).

Section 2. Employee Share of PERS Contribution.
Effective May 1, 1984, the City agreed to pay the 7% employee contribution to CalPERS on behalf of Miscellaneous CalPERS Plan members. Effective with the pay period inclusive of 1/6/07, the City contribution was increased to cover the cost of the 2.7 at 55 retirement formula. Beginning June 30, 2010, the City shall pay 6% and the employee shall pay 2% of the 8% CalPERS employee contribution for the 2.7 at 55 retirement benefit formula. For sworn fire management employees the City shall continue to pay the mandatory nine percent (9%) of the employee's Safety CalPERS Plan contribution.
the City shall pay 6% and the employee shall pay 2% of the 8% CalPERS employee contribution for the 2.7 at 55 retirement benefit formula. For sworn fire management employees the City shall continue to pay the mandatory nine percent (9%) of the employee's Safety CalPERS Plan contribution.

Section 3. Conversion to Pay Rate.
Notwithstanding section 2 above, effective the pay period inclusive of 1/6/07, upon filing a notice of retirement, the 6% City-paid CalPERS contribution (9% for Safety fire management personnel) will be converted to a salary adjustment of equal amount on a one-time irrevocable basis for the final compensation period which is defined as the highest average compensation earnable (salary) during the year immediately preceding retirement or any other designated consecutive year. The employee shall simultaneously assume paying the entire employee CalPERS contribution. Employee CalPERS contributions shall be made on a tax deferred basis, in accordance with Section 414(h) (2) of the Internal Revenue Code. All provisions of this subsection are subject to and conditioned upon compliance with IRS regulations.

Section 4. Safety Member Pension Formula.
As of October 20, 2001, the City provides the California Public Employees' Retirement System (CalPERS) Benefit, "3% at 50" full formula (Section 21362.2) for Safety members.

Section 5. Status Determination. An employee’s membership in and designation as Safety or Miscellaneous for CalPERS pension plan purposes shall be determined based on applicable California law.

ARTICLE XXV - MISCELLANEOUS EMPLOYMENT-RELATED EXPENSES

Section 1. Station House Fund.
The Station House Fund per year per shift employee shall be $48.00.

Section 2. Non-Food House Items.
The City agrees to furnish and maintain each fire station with the following non-food house fund items: TV purchase and repair, the San Jose Mercury News, and the San Francisco Chronicle to be selected on an annual basis. Kitchen cooking utensils, small kitchen appliances and other specific items to be determined by mutual agreement of the parties will be purchased from the Station House Fund.

Section 3. Per Diem Travel Expenses For City Business.
Unless other mutually agreeable arrangements are made, representation unit employees who are required to travel away from the City on City business will receive travel expenses, according to City policies which are currently in effect.
Section 4. Parking.
Employees in represented classes assigned to Civic Center or adjacent work locations shall be entitled to free parking in the Civic Center Garage, or a commute incentive which will be subject to meet and confer. Employees hired after July 1, 1994 may initially receive a parking permit for another downtown lot subject to availability of space at the Civic Center garage. Light duty employees assigned to the Civic Center will receive Civic Center parking temporary permits for the duration of the light duty assignment.

ARTICLE XXI-VI– RESIDENCY

For purposes of emergency response availability, represented employees shall live within 90 miles travel distance of the city limits of Palo Alto. This provision shall not apply to represented employees appointed to the Battalion Chief classification prior to 1990.

ARTICLE XXIVII - FULL UNDERSTANDING

Section 1. The Memorandum of Agreement contains the full and entire understanding of the parties regarding the matters set forth herein.

Section 2. Severability.
Should any of the provision herein contained be rendered or declared invalid by reason of any State or Federal legislation, or by ruling of any court of competent jurisdiction, such invalidation of such part or portion of this Memorandum of Agreement shall not invalidate the remaining portions hereof, and they shall remain in full force and effect, insofar as such remaining portions are severable.

Section 3. It is the intent of the parties that ordinances, resolutions, rules and regulations enacted pursuant to this Memorandum of Agreement be administered and observed in good faith.

Section 4. Nothing in this Memorandum of Agreement shall preclude the parties from mutually agreeing to meet and confer on any subject with the scope of representation during the term of this agreement.

Section 5. Merit System Rules and Regulations. During the term of this Memorandum of Agreement, Management may propose certain changes in the City Merit System Rules and Regulations. With regard to such changes which pertain to the representation unit, the parties agree to review, and upon request, meet and confer regarding the changes.

ARTICLE XXIVIII - DURATION

This Memorandum of Agreement shall become effective upon signing by the parties hereto except that those provisions herein that have specific expressly stated effective dates (e.g. the wages increases designated in Article V) shall take effect on those dates regardless of signing date, once this Memorandum of Agreement is signed by the parties hereto. This Memorandum of Agreement shall July 1, 2004 and remain in effect until June 30, 200610.
EXECUTED:

FOR:
PALO ALTO FIRE CHIEFS' ASSOCIATION

__________________________
s/Tony Spitaleri, Chief Spokesperson

__________________________
s/Donald Dudak

__________________________
s/Dan Lindsey

__________________________
s/Don Loquiao

__________________________
s/Niles Broussard

__________________________
s/Dan Firth Kim Roderick

__________________________
s/Ron Bonfiglio

FOR:
CITY OF PALO ALTO

__________________________
s/Frank Benest, City Manager

__________________________
s/Nick Marinaro, Fire Chief

__________________________
s/Dan Lindsey, Deputy Fire Chief

__________________________
s/Russ Carlsen, Human Resources Director

__________________________
s/Sandra Blanch, Human Resources Assistant Director

__________________________
s/Darrell Murray, Chief Spokesperson
CITY OF PALO ALTO

COMPENSATION PLAN

Fire Chiefs' Association

Management Personnel

Effective: Pay period including July 1, 2004 through June 30, 2006
grade limits of no less than 25% below the control point and no more than 20% above the control point.

Fixed salary increases may be earned in accordance with administrative guidelines based on growth within the position and performance which meets or exceeds position standards. In addition, employees may earn Variable Management Compensation by meeting or exceeding objectives established under the annual performance planning and appraisal system. Variable Management Compensation requalification is necessary for each appraisal period.

Compensation Adjustment Authorization. Each year the City Manager will propose for Council approval a compensation adjustment authorization which will include amounts sufficient to implement base pay increases and Variable Management Compensation.

Salary Range Adjustments.

a. Effective with pay period including July 1, 20046, a 34% increase will be applied to the control point of all represented classes.

b. Effective with pay period including July 1, 20057, a 3% increase will be applied to the control point of all represented classes.

c. Effective January 1, 2008, the City shall add twelve thousand dollars ($12,000) to the annual base rate of 56-hour Battalion Chiefs ($4.12) per hour based on a 2912 hour work year with pay period including January 1, 2006, a 1.5% increase based on labor market data shall be applied to the control point of all represented classes.

d. Effective with pay period including January 1, 2008, a three percent (3%) increase will be applied to the control point of all represented classes after application of the increase set out in subsection (c) of this section.

e. Effective with pay period including July 1, 2009, a four percent (4%) increase will be applied to the control point of all represented classes.

Compression Between Battalion Chief and Captain.
During the term of this agreement a 16% differential will be maintained between E-step Captain and Battalion Chief 56-hour workweek control point.
more than 20% above the control point for the individual position grades authorized in the Tab of this plan.

3. The City Manager is authorized to establish such administrative rules as are necessary to implement this Compensation Plan subject to the limitations of the approved compensation adjustment authorization and the approved grade and control point structure.

4. In the event a downward adjustment of a position grade assignment indicates a reduction in the established salary of an individual employee, the City Manager may, if circumstances warrant, continue the salary for such employee in an amount in excess of the revised grade limit for a reasonable period of time. Such interim salary rates shall be defined as “Y-rates.”

SECTION II. SPECIAL COMPENSATION

This section applies to covered classifications as specifically indicated. Eligibility shall be in conformance with the Merit Rules and Regulations and Administrative Directives issued by the City Manager for the purposes of clarification and interpretation.

A. Overtime

Through December 31, 2007, employees in the FLSA exempt Battalion Chief classifications will be paid overtime at the rate of time and one-half for hours authorized and worked in excess of the work week schedule (56 hours). Shift personnel assigned to overtime relief duty shall receive overtime compensation at a rate of one and one-half times the employee’s basic 56-hour rate for all hours of the relief duty shift. Required off-duty training will be compensated at the rate of one and one-half times the basic 40-hour rate, and emergency callback will be compensated at the rate of one and one-half times the basic 40-hour rate to a maximum of eight hours, and at a rate of one and one-half times the basic 56-hour rate for those hours in excess of eight hours. All overtime hours must be pre-authorized by the Fire Chief or designee.

Effective January 1, 2008 employees in FLSA exempt positions as determined by the City in accordance with the FLSA, including but not limited to Battalion chiefs, are salaried employees and will not be eligible for overtime pay. Non-FLSA exempt personnel shall receive overtime compensation at the rate of one and one-half (1 ½) times the employee’s regular hourly rate of pay for all hours worked in excess of forty (40) hours in a workweek. All overtime hours must be pre-authorized by the Fire Chief or designee.
D. Uniform Purchase Plan

Uniforms including cleaning will be provided with replacement provisions on an as-needed basis in conformance with department policy.

E. Voluntary Cost-Saving Measures

Unit members agree to voluntarily participate in cost saving measures to target a net savings equal to One (1%) percent of unit salaries.
• Take unpaid time off (A/A type 9990) in lieu of vacation
• A/A type 9990 shall not be taken if it would result in overtime coverage. A/A type 9990 may be taken in 8 hour increments
• Take unpaid time off during work shifts if staffing and operational constraints permit
• Donate vacation time
• Donate up to $1000 from Professional Development to the City, which can be done by not using the Professional Development Benefit.

F. Group Insurance

For newly-hired regular employees coverage begins on the first day of the month following date of hire for the health plan, dental plan, vision care plan, life insurance and long term disability plans if these benefits are elected.

1. Health Plan

a) Benefits will be provided in accordance with provisions of the California Public Employees' Retirement System (CalPERS) Public Employers Medical and Health Act (PEMHCA) Health Plans. Monthly City-paid premium contributions for an employee-selected PEMHCA optional plan will be made to the maximum amount indicated in each category below through December 31, 2006. Effective January 1, 2007 the City will pay up to the monthly medical premium for the 2nd most expensive plan among the existing array of plans during the contract term. If CalPERS changes the plans it offers, the City and the Union will meet and confer over the City continuing to provide an equivalent benefit at an equivalent cost.

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<th>Number of Parties Covered</th>
<th>Monthly City Contribution</th>
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Effective January 1, 2004, the PERS-Choice/PORAC Incentive plan will be discontinued.

c) **Alternate Medical Benefit Program**

If a regular employee and/or the employee's dependent(s) are eligible for medical insurance through another employer-sponsored or association medical plan, and waives his/her right to the City of Palo Alto's medical insurance coverage for same individuals. Employees electing alternative coverage and no City coverage will receive cash payments of approximately half of the "averaged monthly premiums" for their medical insurance coverage. "Averaged monthly premiums" are the average of the Kaiser HMO, Blue Shield HMO and PERS Choice PPO premiums for the employee's City medical coverage available through the Public Employee Retirement System (CalPERS).

The rates for 2005 are as follows:
- One Party: $160.00
- Two Party: $315.00
- Family: $410.00

The rates for 2006 are as follows:
- One Party: $205.00
- Two Party: $410.00
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The rates for 2007 are as follows:
- One Party: $230.00
- Two Party: $460.00
- Family: $595.00

The rates for 2008 are as follows:
- One Party: $250.00
- Two Party: $500.00
- Family: $645.00

The rates for 2009 are as follows:
- One Party: $260.00
- Two Party: $520.00
- Family: $673.00

The Alternative Medical Benefit Program rates for subsequent years covered by this agreement will be determined when CalPERS formally announces the health plan rates applicable for the year in which they are to apply.
Employees who will work less than full time, will receive prorated premium costs for dental benefits in accordance with his/her percentage of a full-time work schedule. Part-time employees currently receiving full benefits will not be impacted.

b) The City’s Dental Plan provides the following: maximum benefits per calendar year shall be $2000 for representation unit employees and their dependents; fifty percent (50%) of reasonable charges, fifteen hundred dollars ($1500) lifetime maximum orthodontic benefit, except that effective January 1, 2007 the dental program shall be amended to increase the lifetime maximum for orthodontics to two thousand dollars ($2,000) and allow for coverage of composite (tooth colored) fillings for posterior teeth.

- Maximum Benefits per Calendar Year $2,000 per person
- Lifetime Maximum Orthodontics $1,500 per person**
- Major Dental Services 50% UCR*
- Orthodontics 50% UCR*

- Basic Benefits (All other covered services)
  First Calendar Year of Eligibility 70% UCR*
  Second Calendar Year of Eligibility 80% UCR*
  Third Calendar Year of Eligibility 90% UCR*
  Fourth Calendar Year of Eligibility 100% UCR*

*Usual, Customary, and Reasonable
**Not included in annual dental maximum

If the employee and eligible dependents have used the Plan at least once during the preceding calendar year, the percentage reimbursed by the Plan increases to 80%, 90% or 100% respectively during the second, third and subsequent calendar years of eligibility for basic benefits. If the employee and eligible dependents lose eligibility, basic benefits will be reinstated at 70 percent if you again become eligible for the Plan.

3. Basic Life Insurance
   The City shall provide a basic life and AD & D insurance plan in an amount equal to the employee's annual basic compensation (rounded to the next highest $1,000).

4. Supplemental Life Insurance
b. Conference participation and travel expenses

c. Educational programs/tuition reimbursement. The education must maintain or improve the employee’s skills in performing his or her job, or be necessary to meet the express requirements of the City or the requirements of applicable law. The education to which the reimbursement relates must not be part of a program qualifying the employees for another trade or business; or be necessary to meet the minimum educational requirements for qualification for employment. Permissible educational expenses are refresher courses, courses dealing with current developments, academic or vocational courses, as well as the travel expenses associated with the courses.

d. Professional and trade journal subscriptions.

e. Subject to Internal Revenue Service regulations and with the written prescription of a medical doctor, an employee may be reimbursed for a personal health program as treatment for a diagnosed injury or illness.

f. Purchase of job related computer software and hardware, internet access, telecommunications equipment and home office equipment/furniture. Reimbursement for any of these expenses is taxable to the employee.

2. Professional Development Leave

Authorized paid leaves of absence for up to one year will be granted in accordance with the following requirements:

a. Eligibility is subject to a minimum City service requirement of five years.

b. Compensation during the Professional Development Leave shall not exceed 50% salary and full benefits.

c. When granted a Professional Development Leave shall require an employee commitment of at least two-years' service following return from the Leave. To the extent the full two-year commitment is not fulfilled, the employee shall re-pay the City a pro rata amount of the salary paid during the Leave based on the percentage of the two-year commitment not fulfilled.
toothpaste), cosmetics (e.g., face cream), and items used for cosmetic purposes (e.g., Rogaine) are not acceptable.

c—Excess professional development items which are otherwise approved, to the extent they are not paid or reimbursed under any other plan of the City.

d—Dependent-care expenses under the City’s Dependent-Care Assistance Program (DCAP), subject to the following limits: Dependent-care expenses will be reimbursed only to the extent that the amount of such expenses reimbursed under this Management Benefit Program, when added to the amount (if any) of annual dependent care expenses that the participant has elected under the City’s Flexible Benefits Plan, do not exceed the maximum permitted under the DCAP.

1) The annual amount submitted for reimbursement cannot exceed the income of the lower-paid spouse.

2) The expenses must be employment-related expenses for the care of one or more dependents who are under 13 years of age and entitled to a dependent deduction under Internal Revenue Code section 151(e) or a dependent who is physically or mentally incapable of caring for himself or herself.

3) The payments cannot be made to a child under 19 years of age or to a person claimed as a dependent.

4) If the services are provided by a dependent-care center, the center must comply with all state and local laws and must provide care for more than six individuals (other than a resident of the facility).

5) Dependent care expenses not submitted under this section are eligible under the City Dependent Care Assistance Plan (DCAP). However, the maximum amount reimbursed under DCAP will be reduced by any amount reimbursed under the Excess Benefit Plan.

If the full excess benefit reimbursement is not used during the fiscal year, the difference between the amount used and the maximum (or pro rate maximum) shall be applied at the employee’s option to deferred compensation under the City Plan(s).

Notwithstanding the foregoing, no expense shall be reimbursed under this Excess Benefit Reimbursement program unless the payment of such reimbursement will be nontaxable to the recipient under the applicable income tax laws.
However, the maximum amount reimbursed under DCAP will be reduced by any amount reimbursed under the Excess Benefit Plan.

c) Non-taxable Professional Development Spending Account.

Provides reimbursement for Non-Taxable professional development expenses (e.g., job-related training and education, seminars, training manuals, etc.) to the extent they are not paid or reimbursed under any other plan of the City.

d) Deferred Compensation. Provides a one-time contribution to the employee’s City-sponsored 457 Deferred Compensation plan with either ICMA-RE or the Hartford.

Amounts designated by employees to either the Medical FSA, Dependent Care FSA, or Professional Development options are done so on a “use it or lose it” basis. This means that any amounts designated and not used by the end of the calendar year (or end of the extended grace period for the medical FSA) will be forfeited by the employee and returned to the plan.

Specified amounts under this benefit will be applied on a pro-rata basis for employees who are part-time or who are in a management or professional pay status for less than the full fiscal year. Such benefits will be pro-rated in the first year of employment (based on hire date) but will not be pro-rated upon separation of employment.

5. Management Annual Leave

Eligibility for management annual leave is limited to Forty (40)-hour workweek employees not eligible for overtime shall be credited. At the beginning of each fiscal year eligible employees will be credited with 80 hours of annual leave which may be taken as paid time off, added to vacation accrual (subject to vacation accrual limitations), taken as cash or taken as deferred compensation. Entitlement under this provision will be reduced on a prorated basis for part-time status, or according to the number of months in paid status during the fiscal year. Unused balances as of the end of the fiscal year will be paid in cash unless a different option as indicated above is elected by the employee.

56-Hour Work Week Assignment
Effective January 1, 2008 and on each July 1 thereafter each Battalion Chief who works a 56 hour workweek shall be credited with eighty (80) hours of management leave. Management leave will be subject to the same terms, policies and procedures as apply to forty (40) hour workweek employees eligible for such leave as provided in section 1 above.
Benefits" or portions thereof, may be extended for exceptional circumstances and only the approval of the City Manager or designee.

The details of the Relocation Expense program are specified in the City’s Relocation Expense policy.

**Jl. Retirement**

1. **Miscellaneous Member Pension Formula**
   
   Effective pay period inclusive of 1/6/07, the City's California Public Employees' Retirement System (CalPERS) benefits shall change to the 2.7% at 55 formula for Miscellaneous members (from 2% at 55).

2. **Employee Share of PERS Contribution**
   
   Effective May 1, 1984, the City agreed to pay the 7% employee contribution to CalPERS on behalf of Miscellaneous CalPERS Plan members. Effective with the pay period inclusive of 1/6/07, the City contribution was increased to cover the cost of the 2.7 at 55 retirement formula. Beginning June 30, 2010, the City shall pay 6% and the employee shall pay 2% of the 8% CalPERS employee contribution for the 2.7 at 55 retirement benefit formula. For sworn fire management employees, the City shall continue to pay the mandatory nine percent (9%) of the employee’s Safety CalPERS Plan contribution.

3. **The City shall pay the mandatory nine percent (9%) employee Public Employees’ Retirement System (PERS) contribution.** Such employer-paid contributions shall be paid by the City in lieu of employee contributions notwithstanding the fact that such employer payment of contributions may be designated as employee contributions for purposes of PERS.

3. **Conversion to Pay Rate**
   
   Notwithstanding subsection 2.4. above, effective the pay period inclusive of 1/6/07, upon filing a notice of retirement, the 6% City-paid CalPERS contribution (9% for Safety fire management personnel) will be converted to a salary adjustment of equal amount on a one-time irrevocable basis for the final compensation period which is defined as the highest average compensation earnable (salary) during the year immediately preceding retirement or any other designated consecutive year, twelve months immediately prior to retirement. Employee CalPERS contributions shall be made on a tax deferred basis, in accordance with Section 414(h)(2) of the
d. For employees completing fourteen (14), but less than nineteen (19) years continuous service the accrual rate shall be one-hundred eighty (180) hours leave per year.

e. For employees completing nineteen (19) or more years continuous service the accrual rate shall be two-hundred (200) hours leave per year.

Employees assigned to a 56-hour workweek schedule (24-hour shift) will accrue vacation at the following rate for continuous service performed in a pay status.

a. For employees completing less than four (4) years continuous service, the accrual rate shall be five (5) duty shifts per year.

b. For employees completing four (4), but less than nine (9) years continuous service, the accrual rate shall be eight (8) duty shifts per year.

c. For employees completing nine (9), but less than fourteen (14) years continuous service, the accrual rate shall be ten (10) duty shifts per year.

d. For employees completing fourteen (14), but less than nineteen (19) years continuous service, the accrual rate shall be eleven (11) duty shifts per year.

e. For employees completing nineteen (19) or more years continuous service, the accrual rate shall be twelve (12) duty shifts per year.

NM. Vacation Cash Out

Once each calendar year an employee may cash out eight (8) or more hours of vacation accrual in excess of eighty (80) hours (or five (5) duty shifts), to a maximum of eighty (80) hours (or five (5) duty shifts), provided that the employee has taken as eighty (80) hours of vacation off with pay in the previous twelve (12) months at least the number of hours cashed out.

N. OTHER PAID LEAVES

1. City Manager Granted Leaves
   The City Manager may grant a regular employee under his control a leave of absence with pay for a period not exceeding thirty calendar days for reasons he deems adequate and in the best interest of the City.

2. Council Granted Leave
   The City Council may grant a regular employee a leave of absence with pay for a period not to exceed one year for reasons the Council considers adequate and in the best interest of the City.
and the San Francisco Chronicle to be selected on an annual basis. Kitchen
cooking utensils, small kitchen appliances and other specific items to be
determined by mutual agreement of the parties will be purchased from the
Station House Fund.

3. Per Diem Travel Expenses For City Business
Unless other mutually agreeable arrangements are made, representation unit
employees who are required to travel away from the City on City business will
receive travel expenses, according to City policies which are currently in effect.