



**AGREEMENT BETWEEN THE CITY OF BENICIA AND SENIOR
MANAGEMENT EMPLOYEES ESTABLISHING A SENIOR
MANAGEMENT BENEFIT AND COMPENSATION PROGRAM
FOR THE PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2013**

**(amendments via Reso 10-157, 11-27/Ordinance 11-05; Reso 11-66; Reso 11-90;
Reso 11-119; Reso 11-132; extended to June 30, 2013 via Council Resolution 12-
44); Reso 12-90/Ordinance 12-04)**

Amendments and extension incorporated into this MOU

I. PREAMBLE

This Agreement is adopted in order to promote the development of a stronger, more effective management team, not merely for purposes of employer-employee relations but also as a means of recognizing outstanding management performance in all public service areas. These general purposes may be achieved through several means; notably training, more effective communication among departments, clearer identification of goals and objectives, and by relating effective job performance to an incentive program. Also inherent in such a program is the means of retaining good department heads.

Senior Management employees covered by this Agreement shall include the following positions: Finance Director, Public Works Director, Community Development Director, Parks & Community Services Director, Administrative Services Director, Police Chief, Fire Chief, and Library Director.

II. COMPENSATION

A. Salaries

The parties agree that there will be no salary increases during the term of the MOU. For the term of this agreement, effective September 1, 2010, the parties agree that Senior Managers will reduce their respective salary range amounts in order to achieve \$46,366 total per year (or 3.16% of salary), which is the Senior Management group's annualized target for savings via compensation reduction.

In order to make up the short fall of \$7,728, (equivalent to salary reduction for July and August of 2010), the parties agree to evaluate the savings achieved from any health care redesign as of January 2011. Consistent with Section VI of this MOU, any savings credited back to the senior management group will be applied toward the \$7,728 shortfall. In the event there is no savings or the savings amount is less than \$7,728, the senior managers agree to make up the difference via an additional, temporary salary reduction for the remainder of the current fiscal year (January –

June 2011).

Effective 7/1/11, salary ranges were reduced by 2.615%, with the exception of the Police Chief range, which was increased by 0.11% due to the Police Chief's participation in the cost share of the employer rates of PERS with the City's police unit (see section IX.D regarding Employee Cost Share of Employer's Share of Retirement). .

B. Salary Setting Format

Merit adjustments may be made by the City Manager according to established City policy. Salary reviews will occur no less frequently than annually on an employee's anniversary date.

C. Deferred Compensation

Employees may elect monthly payroll deduction in an amount permissible under the City plan to be placed in a deferred compensation program administered at no cost by the City. Such monies deposited would become tax deferred and would be subject to income taxation in the year they are withdrawn from the deferred compensation program. Effective 7/1/11, the parties agreed to reduce the amount the city contributes from 7% to 4% per year of an employee's salary to a deferred compensation program for non-safety employees, and for the Fire Chief provided the employee provides a minimum 1% matching share or a maximum amount as defined by federal regulation. For the Police Chief the City will contribute 7%, provided the employee contributes at least 1% due to the Police Chief's participation in the cost share of the employer rate of PERS with the City's police unit (see section IX.D regarding Employee Cost Share of Employer's Share of Retirement).

III. LEAVE

A. Vacation

Senior Management employees shall accumulate vacation time in accordance with the following vacation entitlement schedule:

<u>Years of Service</u>	<u>Weeks of Vacation</u>
0 thru 6 years	3
7 thru 14 years	4
15 thru 20 years	5
21 years and over	6

Upon termination of an employee's service with the City:

1. 100% of unused accumulated vacation leave shall be paid in cash provided he/she has at least 12 months continuous service.
2. An employee must reimburse the City for credited vacation taken but not earned.

An employee may take vacation at times approved by the City Manager. It is the policy of the City that employees take their normal vacation each year. However, an employee may take less than a normal vacation in one year and carry the balance of his/her earned time over to the next year. However, no employee shall be allowed to accumulate more than 200 hours of earned vacation. On June 30th of each year, earned vacation time in excess of 200 hours shall be converted to cash and issued to the employee. Employees may take steps to have their cash out paid into their ICMA 457 Deferred Compensation Program (if available to the employee). Although vacation time may be taken in increments of four hours, at least one week of annual vacation must be taken as five consecutive days.

B. Holidays

The City agrees to provide employees covered by this agreement twelve paid holidays per year to include the following:

1. New Year's Day, January 1
2. Martin Luther King Jr.'s Birthday
3. Lincoln's Birthday
4. President's Day, 3rd Monday in February
5. Memorial Day, last Monday in May
6. Independence Day, July 4
7. Labor Day, first Monday in September
8. Columbus Day
9. Veterans Day
10. Thanksgiving Day
11. Friday after Thanksgiving
12. Christmas Day, December 25
13. 2 Personal Leave Days

It is the intent of this agreement that employees covered shall receive twelve paid holidays regardless of their assigned work week. When a holiday falls on a Saturday the preceding Friday shall be deemed a holiday. When a holiday falls on a Sunday the following Monday shall be deemed a holiday. When an employee is required to work on a holiday another day may be selected in lieu of the holiday with the consent of the Department Head and the City Manager.

Personal Leave may be taken at any time during the fiscal year with the approval of the City Manager. Personal Leave may not be accumulated and carried forward to the next fiscal year.

C. Administrative Leave

In recognition of the long hours required to perform at the level of top management, including attendance at numerous meetings outside normal working hours, the following Administrative Leave policy shall be implemented:

1. Upon City Manager approval each Senior Management employee may receive up to 16 days administrative leave annually. Administrative Leave is to be taken in increments of one hour or more. (When an employee attends a night meeting or works a late evening, he/she may arrive up to one hour later the next morning & such time is not charged to Administrative Leave.
2. On June 1st of each year, unused Administrative Leave, up to one-half of the annual authorized Administrative Leave allowance, will be converted to cash and issued to the employee. Employees may individually take steps to have their cash out paid into their ICMA 457 Deferred Compensation Program (if available to the employee) up to the maximum allowed by the IRS. This conversion will be made by June 30th.

D. Sick Leave

1. Senior Management employees shall be entitled to one working day of sick leave with pay for each month or major fraction thereof. Sick leave with pay up to the total number of working days accumulated shall be granted by the City Manager in case of bonafide illness or injury.
2. Leave of absence due to pregnancy shall be chargeable to sick leave up to the limit of total accumulated sick leave. Additional time away from work due to pregnancy, up to a total of four (4) months will be treated as leave without pay.
3. Sick leave with pay shall not be granted for any injury attributable to an outside occupation, for which worker's compensation benefits are available and engagement therein has not been authorized by the City Manager.
4. Senior management employees may participate in the City's Supplemental Sick Leave Program established in accordance with City of Benicia Policy & Procedure #5.

E. Paid Industrial Accident Leave

The City agrees that each full-time employee shall be granted Paid Industrial Accident Leave (PIA) if the claim is approved by the State Workers' Compensation, with the City paying full, basic salary during such leave. "PIA" shall begin on the first day of said industrial accident and shall extend for a maximum of one year. During such leave, the City shall receive all State Workers' Compensation benefits. When an employee is on "PIA", neither vacation nor sick leave is charged nor is vacation or sick leave accrued.

Safety employees shall be governed by Section 4850 of the Workers' Compensation Act.

F. Leave of Absence

1. Senior Management employees shall be granted a leave of absence with full pay for jury service, appearances required of employee as a witness, or attendance in court resulting from employee's official duties. Any compensation received from those activities shall be remitted to the City.
2. Upon written request, the City Manager may approve in writing a leave of absence without pay for a period not exceeding six months; the City Council may approve such a leave for a period not exceeding one (1) year.

G. Bereavement Leave

Any employee shall obtain the approval of the City Manager in advance of an absence due to a death in the employee's family. Failure to obtain the City Manager's approval shall result in ineligibility for benefits under this section.

In the event of a death in the immediate family of an employee, he/she shall, upon request, be granted such time off with pay as is necessary to make arrangements for the funeral and attend same, not to exceed three (3) regularly scheduled working days. However, up to an additional two (2) days may be granted for out-of-state funerals. This provision does not apply if the death occurs during the employee's paid vacation, or while the employee is on leave of absence, layoff, or sick leave.

For the purposes of this section immediate family shall be defined as follows: Spouse, children, father, mother, brothers, sisters, mother-in-law, father-in-law, sister-in-law, brother-in-law, grandparents, grandchildren and members of the employee's household.

Additional Bereavement Leave may be granted to an employee to attend the funeral of a person other than a member of the employee's immediate family, chargeable to sick leave, compensatory time, or vacation leave.

IV. EDUCATION BENEFITS

In order to promote continued development of skills, knowledge and abilities among the Senior Management team of the City, the City Manager may grant time to attend professional, technical or managerial workshops, courses, conferences, conventions, seminars, or related activities. All such requests shall be submitted in writing to the City Manager with adequate justification. Attendance shall be at the discretion of the City Manager.

The costs for attendance at these activities including travel, registration, tuition, book/course materials, or other reasonable costs are considered legitimate City expenditures when provided for in the annual City Budget and approved by the City Manager.

When approved by the City Manager in advance, an employee covered by this Agreement may elect to pursue job related university/college level of instruction during his/her off-duty time. In

this case, the City Manager may authorize tuition reimbursement up to an amount of \$620 in any one twelve (12) month period. In addition, the City Manager may authorize reimbursement for all book materials required for the approved course of study.

V. PROFESSIONAL MEMBERSHIP FEES

Most Senior Management personnel are encouraged to maintain membership in appropriate professional organizations. These memberships serve to acquaint the City with the current state-of-the-art information in these professional areas by means of publications and special activities. The City will include the costs of these membership fees in the respective department budgets, subject to approval by the City Manager.

VI. HEALTH AND MEDICAL INSURANCE

The City shall maintain current health insurance benefits to include a physical exam every two years. Any costs beyond those not covered by the employee's health insurance for the biennial medical examination shall be borne by the City upon prior written approval. The costs for treatment or correction of deficiencies shall be borne by the employee.

The City shall continue to offer hospital-medical-dental and vision plans as those plans are currently structured or as the plans may be amended from time to time by the plan providers. The City may substitute plans currently offered with plans of substantially similar benefits.

Effective the first full pay period after the adoption of this tentative agreement by the City Council the City's contribution towards medical premiums for fiscal year 2010 – 2011 shall be a maximum up to the following contributions for any plan:

Employee: \$592.37
Employee plus One: \$1,184.75
Employee plus Family: \$1,575.71

For Fiscal year 2011 – 2012 the parties agree to the following cost sharing approach to premium increases in 2011 and 2012 only. Specifically, the City will share evenly any amount that exceeds the current FY 2010-2011 Kaiser contribution levels, up to a capped maximum City contribution amount of \$29.63/month for single, \$59.25 for employee +1 and \$79.49 for employee + family.

In order to allow employees in Health Net time to transition to the City's new capped contribution to any plan, the City agrees to continue the existing City dollar contributions for Health Net participants in effect on September 30, 2010 until June 30, 2011 only. At that time this extra contribution shall expire and the City's contribution for participants for both Kaiser and Health Net shall be as described above.

During the term of the MOU, the parties agree to participate with the other bargaining units to determine whether or not any medical plan design changes would assist in reduction of costs to the city and/or reduction of premiums for employees. The parties recognize that any such changes in plan designs require agreement by all City bargaining units. If after agreement by all of the City's bargaining units which results in any savings to the City, and after the cost of the agreed upon cost sharing contribution by the City towards 2011 – 2012 medical premium is deducted from those savings, the parties agree to meet and discuss who those savings should be credited to, if any savings still remain.

For fiscal year 2012-13, the parties agree that the City will continue to contribute the following amounts toward medical premiums:

Employee:	\$622/month
Employee plus One:	\$1,244/month
Employee plus Family:	\$1,655.20/month

Additional Medical Contribution and Plan Design Changes: Effective July, 2011, a pre-tax deduction equivalent to the anticipated reduction of costs for this unit to move from a zero co pay plan to a \$ 15.00 co-pay plan for the 2011-12 plan year. That deduction is:

In lieu or Employee:	\$19.54/month
Employee + 1:	\$39.07/month
Employee plus Family:	\$52.64/month

Given that health care plan design change did not occur in 2011-12 to achieve the savings of the \$15 co-pay plan, employees continue to make this pre-tax deduction toward health in order to achieve the equivalent amount of savings.

The City shall contribute the full premium required by the providers of the dental and vision care plans provided herein for the terms of this agreement.

The City has established an IRS Section 125 tax savings plans for premiums and flexible spending accounts (i.e. medical reimbursements, and dependent care). The employee shall be responsible for any enrollment and administration expenses relating to the flexible spending accounts.

VII. Sick Leave Buyback

1. Senior Managers will be allowed to sell back annual sick leave hours at the following rates:
 - a. 0 to 10 years of service = 50%
 - b. 10 to 20 years of service = 75%
 - c. 20 years or more of service = 100%

These hours will be subtracted from the employee's sick leave balance at the time.

In addition, upon retirement, an employee may cash out 100% of unused sick leave (not to exceed 500 hours) at the employee's choice. 100% of unused accumulated vacation leave shall be converted to cash and issued to the employee. Employees may individually take steps to have their cash out paid into their ICMA 457 Deferred Compensation Program (if available to the employee) up to the maximum allowed by the IRS.

In the event of separation from employment, other than for retirement, only the 100% unused accumulated vacation leave shall be converted to cash. Employees may individually take steps to have their cash out paid into their ICMA 457 Deferred Compensation Program (if available to the employee) up to the maximum allowed by the IRS.

VIII. LIFE INSURANCE

The City agrees to pay the premium on term life insurance of \$100,000 for each insurable Senior Management employee.

IX. RETIREMENT

For employees hired prior to October 1, 2012:

- A.** For non-sworn employees the City shall provide the PERS 2.7% at 55 Local Miscellaneous Members Retirement Program, and the city shall pay 5% of the employees 8% member rate. This 5% shall be reported as special compensation. The remaining 3% is paid by the employee on a pre-tax basis via the 414h resolution previously adopted.
- B.** For sworn employees the City shall provide PERS three (3) percent at age 50 Local Safety Members' Retirement Program (also known as CHP Plan). For the Police Chief, the City will pay the members full 9% rate and shall report that as special compensation, due to the Police Chief's participation in the cost share of the employer rate of PERS with the City's police unit (see section IX.D regarding Employee Cost Share of Employer's Share of Retirement.). For the Fire Chief, the City will pay 4.5% of the employees 9% member rate. This 4.5% shall be reported as special compensation. The remaining 4.5% is paid by the employee on a pre-tax basis via the 414h resolution previously adopted.
- C.** The City's contract with the Public Employees' Retirement System (P.E.R.S.) has been amended and shall provide the following additional benefits:
 - 1. One year highest compensation benefit as outlined in Government Code Section 20042 for Miscellaneous Employees.
 - 2. 1959 Survivor Benefit at the increased level, as provided for in Government Code Section 21573.
 - 3. Credit for unused Sick Leave as provided for in Government Code Section 20965.

4. The City shall report the Employer Paid Member Contributions (EPMC) levels listed in above section IXB as special compensation in compliance with Government Code Section 20636(c).

D. Employee Cost Share of Employer's Share of Retirement

Effective November 1, 2011, the Police Chief began contributing an additional 5.336% of pensionable compensation towards the employer's share of retirement via a pre-tax payroll contribution, per requirement of CalPERS for the contract amendment to cost share the employer rate of PERS for all sworn police employees. The necessary adjustments were made to the Police Chief's compensation in order to achieve the equivalent in total reductions that the other senior managers agreed to in 2011, as CalPERS required all sworn police to participate in the contract amendment to add the 5.336% cost share of the employer rate of PERS.

E. **New Retirement Tier for New Hires**

The Safety and Miscellaneous employees in the Senior Management Group agree to the implementation of a new, less costly, CalPERS 2nd tier pension formula for new hires contingent on agreement with all other Safety and Miscellaneous employees to the same and effective thereafter as soon as administratively possible consistent with CalPERS contract amendment requirements.

Non-Safety (Miscellaneous) Employees:

For non-safety employees hired after October 1, 2012, the City shall provide the 2 percent at 60 Local Miscellaneous Members Retirement Program. The employee rate for this formula is 7%. Employees will assume responsibility for payment, by payroll deduction, of 2% percent of PERSable wages. The City adopted the IRS 414(h)(2) provision allowing for payment of the 2% on a pre-tax basis. The City shall contribute the remaining 5% for non-safety employees.

The City implemented Government Code Section 20636(c) and reports the 5% Employer Paid Member Contributions (EPMC) as additional compensation.

The City's contract with PERS shall provide the following additional benefits:

1. Three year average compensation benefit as contained in the Government Code, Section 20037 for miscellaneous employees.

Safety Employees:

The parties agreed to amend the City's contract with Public Employees Retirement System (PERS) to implement a second tier retirement benefit option of 3% @ 55 and average three year compensation formula in accordance with Government Code §

21362.3 for new hires hired on or after June 1, 2011.

For the Police Chief, the City will pay the members full 9% rate and shall report that as special compensation (see section IX.D regarding Employee Cost Share of Employer's Share of Retirement). For the Fire Chief, the City will pay 4.5% of the employees 9% member rate. This 4.5% shall be reported as special compensation. The remaining 4.5% is paid by the employee on a pre-tax basis via the 414h resolution previously adopted.

X. MISCELLANEOUS PROVISIONS

During the term of this agreement, the City agrees to provide to all Senior Management employees, up to six (6) hours financial advice or consultation through a qualified professional financial advisor.

XI. TERMINATION ALLOWANCE

In order to foster job security within a professional climate, Senior Management employees who receive no protection from the City's Civil Service System will be entitled to severance pay when they are discharged from the City service; provided, however, that the department head has been in the employ of the City for at least one year. In addition, employees shall give 30 days notice prior to voluntary termination. Those employees who had prior reinstatement rights to the Civil Service System shall retain those rights.

Senior Management employees shall be entitled to severance pay according to the following schedule:

<u>Length of City Service</u>	<u>Severance Pay Entitlement</u>
Up to 4 years	9 weeks base salary
After 4 years	12 weeks base salary
5 years or more	12 weeks + one additional week of base salary for each year of service, up to a maximum of 18 weeks.

These amounts are additional to any accrued vacation leave, unused at the time of termination. The provisions of this section do not apply to any employee discharged for reasons listed in Government Code Section 19572, or any employee who voluntarily resigns from the City service for personal reasons.

XII. LONGEVITY

Effective July 1, 2006, Senior Management employees shall receive additional compensation based upon their length of service according to the following schedules:

<u>Years of Service</u>	<u>Additional Compensation</u>
Completion of 5 years	1.25%
Completion of 10 years	an additional 1.25%
Completion of 15 years	an additional 1.25%

Completion of 20 years
Completion of 25 years

an additional 1.25%
an additional 1.25%

XIII. SALARY SURVEYS

The parties agree there will be no salary increases during the term of the MOU, per Section II. The parties agree that paragraph 1 and 2 of this section related to conducting a Modified Total Compensation Salary and Benefit Survey are inoperative for the term of this agreement.

1. The City shall conduct a Modified Total Compensation Salary and Benefit Survey in order to develop a composite total. Senior management employees shall receive positive salary adjustments that bring their composite total to the mean average of the survey group.
 - a. Salary and Benefit Items to be included shall include the following: Top Step Salary, PERS pick-up, Maximum Healthcare, Vehicle Allowance/Vehicle Usage, Deferred Compensation, Retirement Health Contributions/After Retirement Health Payments, Standard Bonus and Incentive Pays,
 - b. Salary and Benefit Items shall NOT include the following: Personal Accrual or Personal Accrual Trade-ins (such as Vacation Leave, Administrative Leave, Holiday Leave and Sick Leave), Performance-Based Bonus and Incentive Pays, Longevity Pay, Interim Assignment Pay or Acting Pay.
2. Effective July 1, 2006 the following agencies shall be used for the purposes of salary surveys for benchmarked positions:

City of Brentwood	City of Folsom	City of Pinole	City of Vallejo
City of El Cerrito	City of Davis	City of Richmond	City of Pleasant Hill
City of Fairfield	City of Napa	City of Vacaville	City of San Pablo
Contra Costa Fire District	Contra Costa County	Contra Costa Water District	
Central Contra Costa Sanitary District	East Bay Municipal Utility District		

XIV. CLOSING CLAUSE

The terms of this agreement shall remain in effect through June 30, 2013. All other provisions of the MOU expiring June 30, 2010, including side letters established during that MOU period, remain the same unless otherwise modified by the provisions in this agreement.

**Amended Agreement
Between
City of Benicia
and
Senior Managers
Regarding Contract Extension
April 11, 2013**

The City of Benicia, hereby referred to as "City," and the Senior Managers execute this Contract Extension Agreement modifying the existing Memorandum of Understanding (MOU) with the term of July 1, 2010 – June 30, 2013. Unless otherwise modified by this contract extension agreement, all terms of the MOU shall be extended from July 1, 2013 – June 30, 2014.

The City and Senior Managers agree to the following:

Section VI., Health and Medical Insurance, shall be amended to add a paragraph as follows:

Section VI. Health and Medical Insurance

For fiscal year 2013-14, the parties agree that the City will continue to contribute the following amounts toward medical premiums:

Employee: \$622/month
Employee plus One: \$1,244/month
Employee plus Family: \$1,655.20/month

And the following will be deleted from Section VI:

~~Additional Medical Contribution and Plan Design Changes: Effective July, 2011, a pre-tax deduction equivalent to the anticipated reduction of costs for this unit to move from a zero co-pay plan to a \$ 15.00 co-pay plan for the 2011-12 plan year. That deduction is:~~

~~In lieu of Employee: \$19.54/month
Employee + 1: \$39.07/month
Employee plus Family: \$52.64/month~~

~~Given that health care plan design change did not occur in 2011-12 to achieve the savings of the \$15 co-pay plan, employees continue to make this pre-tax deduction toward health in order to achieve the equivalent amount of savings.~~

Section XIV, Closing Clause, shall be amended as follows:

Section XIV. Closing Clause

Approved by
Council via
Reso 13-28

The terms of this agreement shall remain in effect through June 30, 2014³. All other provision of the MOU, including side letters, remain the same unless otherwise modified by the provisions of this agreement.

Senior Managers may request to meet and confer with the City upon written request if for the 2013 – 2014 fiscal year the City negotiates a successor MOU with another bargaining unit with a contract expiring June 30, 2013, and that new contract includes an overall economic increase to that bargaining group during the 2013-2014 fiscal year over the economic package negotiated in the immediate contract expiring on June 30, 2013. If so requested, the City will meet with the Senior Managers for the purpose of negotiating an overall economic increase that is commensurate with the bargaining unit Senior Managers identified as gaining an increase.

Additionally, the City agrees to extend the equivalent of the December holiday closure that occurred in 2012 for December 2013 to all bargaining units with contracts expiring on June 30, 2013, who also agree to extend contracts to June 30, 2014 with no increases or further reductions. This holiday closure and associated leave time will be one-time and non-precedent setting, with the purpose of recognizing the cooperation of those employee units who have agreed to the contract extension. Those employees who are scheduled to work during the holiday closure may take the equivalent leave (i.e., four days) any time during the 2013-14 fiscal year.

This Contract Extension Agreement shall become effective upon ratification by Senior Managers and adoption by the City Council on its regular agenda, in conformance with the Brown Act.

Dated: 10/14/13

For Senior Managers:



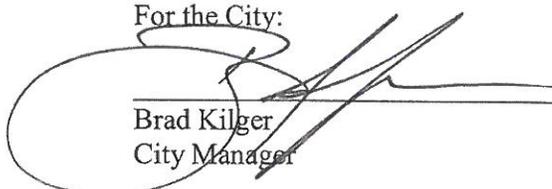
Andrew Bidou
Police Chief



Diane Smikahl
Library Director

Dated: 7/1/13

For the City:



Brad Kilger
City Manager

APPROVED AS TO FORM BY
City Attorney:



Heather Mc Laughlin



AGREEMENT

Date: November 8, 2007
To: Jim Erickson, City Manager
From: Dan Schiada, Public Works Director
Re: Letter Agreement Pertaining to Senior Management Contract

The agreement between the City of Benicia and Senior Management Employees required the City conduct a Modified Total Compensation Salary and Benefit Survey. In order to determine the value of one of the elements in the survey, Retirement Health Contributions, the City has requested the services of an outside actuary. We understand the report will not be ready until late January, as it is being conducted at the same time as the legally required GASB 42 and GASB 45 OPEB Report.

In order to participate in the implementation of the Salary and Benefit Survey at the present time, along with all other bargaining groups, the Senior Management Employees agree to defer the implementation of the Retirement Health Contribution Survey Element until February, 2008, provided it is retroactive to July 1, 2007.

Approved on November 9, 2008

Attest:

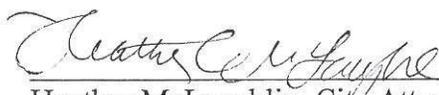


Dan Schiada, Senior Manager Representative



Jim Erickson, City Manager

Approved as to Form:



Heather McLaughlin, City Attorney

Excerpt from MOU:

XIII. SALARY SURVEYS

1. The City shall conduct a Modified Total Compensation Salary and Benefit Survey in order to develop a composite total. Senior management employees shall receive positive salary adjustments that bring their composite total to the mean average of the survey group.
 - a. Salary and Benefit Items to be included shall include the following: Top Step Salary, PERS pick-up, Maximum Healthcare, Vehicle Allowance/Vehicle Usage, Deferred Compensation, Retirement Health Contributions/After Retirement Health Payments, Standard Bonus and Incentive Pays,
 - b. Salary and Benefit Items shall NOT include the following: Personal Accrual or Personal Accrual Trade-ins (such as Vacation Leave, Administrative Leave, Holiday Leave and Sick Leave), Performance-Based Bonus and Incentive Pays, Longevity Pay, Interim Assignment Pay or Acting Pay.

June 22, 2009

Sandra Spagnoli/Michael Alvarez
Senior Management Employee Group

**RE: SIDE LETTER #2 TO AGREEMENT BETWEEN THE CITY OF BENICIA
AND THE SENIOR MANAGEMENT EMPLOYEES FOR THE PERIOD
7/1/06 – 6/30/10**

Dear Sandra and Michael:

Consistent with our discussions, this letter is to confirm and memorialize the agreements between the City and the Senior Management Employees Group regarding setting salary for a Senior Manager in the event two existing departments are merged or combined under the leadership of a single department head.

Specific provisions of the current Agreement between the City and the Senior Management Employees will be amended as outlined below:

II. COMPENSATION

D. Salary Upon the Merger of Two Existing City Departments

The City agrees to set the salary for a Department Head who is taking over responsibility for a second separate and distinct Department through merger in a manner that is consistent with the existing pay plan and that recognizes the increased level and scope of responsibility to be undertaken. Market salary survey data will be collected as set forth in Section XIII of this Agreement. If there is insufficient market data to set the salary for the combined function based on the external market, the salary for the Department Head responsible for the merged departments will be set internally, using the following criteria:

To the extent it is identified that the size of the staff and the budget will increase appreciably under the merger; and to the extent that there is a significant increase in the impact of independent administrative and managerial decisions related to regulatory compliance and/or reporting, that decisions have

high-profile internal and external financial and political impacts, and that decisions carry increased organizational risk, it is agreed that the salary for the Department Head of the merged Department will be set 10% above the salary of the higher of the two Department Heads most recently charged with the merged functions. An increase in size of staff and in budgetary responsibilities alone will not be a sufficient basis for a salary adjustment under this section.

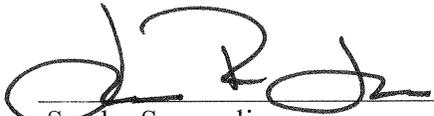
It is agreed that the salary of any Department Head remunerated under this section will be evaluated in conjunction with established salary surveys for the Senior Management Group.

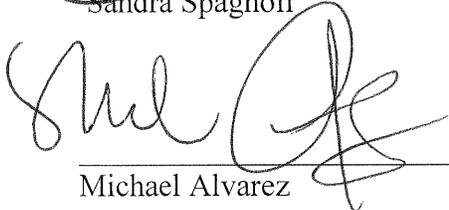
All other terms and conditions set forth in the Agreement remain unchanged.

By signature below, the parties confirm agreement on the preceding provisions.

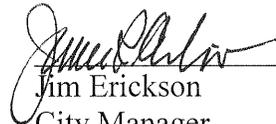
Dated: 6/24/09

BENICIA SENIOR MANAGEMENT GROUP


Sandra Spagnoli


Michael Alvarez

CITY OF BENICIA


Jim Erickson
City Manager

Approved as to form:


CITY ATTORNEY