

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF WATSONVILLE
AND ITS MANAGEMENT UNIT
2025-2028**



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MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF WATSONVILLE AND ITS MANAGEMENT UNIT

This Memorandum of Understanding (MOU) sets forth the agreement between the City of Watsonville and the City's Management Unit (Unit) as to all matters within the scope of representation for the employees of the City represented by the Unit. This MOU is authorized by and made pursuant to Council Resolution 56-08 (CM) adopted April 8, 2008 and Rules and Regulations adopted pursuant thereto. The City and the undersigned on behalf of the Unit hereby agree to jointly recommend to the City Council of the City of Watsonville that one or more Resolutions be adopted effectuating the following changes in benefits and other terms and conditions of employment for all the employees in the Unit. The members of the Unit, by accepting the benefits hereof, agree to be bound by the terms and conditions of this MOU.

This MOU shall become effective July 1, 2025, and shall terminate on June 30, 2028.

All benefits in effect on the date set forth below and not modified by this MOU shall remain in effect for the term of this MOU, except as provided herein.

1.0 COMPENSATION

1.1 Salary Adjustment

Effective the beginning of the first full period after July 1, 2025 and ratification by Management Unit and City Council approval, each step in the salary range for all employees shall be increased by 3% cost of living increase.

Effective the first full period after July 1, 2026, each step in the salary range for all employees shall be increased by 3% cost of living increase.

Effective the first full period after July 1, 2028, each step in the salary range for all employees shall be increased by 3% cost of living increase.

1.2 Equity and Compaction Adjustments

Effective the first full pay period after July 1, 2025, the following classifications will receive the following equity/compaction adjustments:

- Assistant Community Development Director: 4.1%
- Building Official: 2.7%
- Housing Manager: 4.3%

- Principal Librarian: 4.8%
- Public Works and Utilities Assistant Director: 2.3%

1.3 **Retirement Contribution**

- 1.3.1 **Miscellaneous Employees Retirement Plan.** The City provides the California Public Employees' Retirement System (CalPERS) 2% @ 55 retirement program plan for Miscellaneous employees hired before July 1, 2011, including CalPERS Section 20862.8 - Credit for Unused Sick Leave.
- 1.3.2 **Miscellaneous Employees Two-Tier Retirement Plan.** The City shall provide the CalPERS 2% @ 60 retirement program plan for Miscellaneous employees hired on or after July 1, 2011 or upon effective date of CalPERS contract amendment including CalPERS Section 20862.8 - Credit for Unused Sick Leave. Final compensation for employees hired on or after July 1, 2011 will be based on the average of the highest wages earned in any consecutive 3-year period.
- 1.3.3 **Miscellaneous Employees PEPRA Tier Retirement Plan.** Pursuant to California Public Employees' Pension Reform Act of 2013 (PEPRA), the City shall provide the CalPERS 2% at 62 retirement plan for Miscellaneous employees hired on or after January 1, 2013 or as soon as administratively possible. Final compensation will be based on the average of the highest wages earned in any consecutive 3-year period.
- 1.3.4 **Miscellaneous Employees Retirement Contribution.**
Effective the first full pay period after July 1, 2013 the employee will pay the full seven percent (7%) of the employee share effective the first full pay period on or after July 1, 2013.
- 1.3.5 **Miscellaneous Employees PEPRA Retirement Contribution.**
Pursuant to California Public Employees' Pension Reform Act of 2013 (PEPRA), Miscellaneous employees hired on or after January 1, 2013 shall pay at least 50% of normal cost of pension or what is determined by CalPERS to be the employee contribution rate.
- 1.3.6 **Retirement Tax Deferral.** The City shall maintain the IRS Sec. 414(h)(2) provision allowing employees to make employee retirement contributions with pretax (tax deferred) dollars.

1.4 Administrative Leave

- 1.4.1 Current employees shall receive Administrative Leave of 13.5 days (108 hours) per year beginning July 1st. Unused Administrative Leave as of June 30 shall be paid off at the regular rate of pay the succeeding month.
- 1.4.2 Employer shall pro-rate Administrative Leave up to a maximum of 9 hours per month for new hires and for every month during the fiscal year for which an employee was employed before termination of City service.

1.5 Overtime Pay

Notwithstanding that employees are exempt from the FLSA, upon issuance of a Proclamation of a local emergency by the City Council or the Director of Emergency Services pursuant to Chapter 2 of Title 4 of the Municipal Code, Unit employees are eligible for overtime compensation. Such overtime eligibility shall cease when the City Manager determines that the disaster response has ended.

1.6 Auto Policy

- 1.6.1 Mileage reimbursement for Unit employees shall be at the Federal IRS allowable reimbursement rate.

1.7 Bilingual Pay

- 1.7.1 Eligibility for Level I Written and/or Conversational Premium Pay:

In order to receive Level I Written and/or Conversational Bilingual Premium Pay employees proficient in the Spanish language must meet the following criteria:

- (a) The employee must pass the City's bilingual competency test as administered by the Human Resources Department on an annual basis to maintain the premium pay. The City Manager may waive the annual testing requirement for individuals upon recommendation of the Department Head. Annual basis refers to fiscal year; and
- (b) The employee is required to serve as an oral interpreter and provide basic written translations on a regular and on-going basis, as certified by the Department Head

1.7.2 Level I Written and Conversational Premium Pay:

- (a) For employees hired after November 1, 2006 the City shall pay a stipend of \$250/month, pro-rated for part time employees.
- (b) Employees eligible for Level I Premium Pay before November 1, 2006 shall receive premium pay equal to five percent (5%) of his/her base salary as of November 1, 2006, with the premium rounded to the nearest dollar, and exclusive of any retroactive wage increases provided under this agreement. A list of each employee's premium pay under this section will be provided to the Unit. Employees who receive the five percent premium, above, may irrevocably opt into the \$250/month stipend specified in (a) above.

1.7.3 Level I Conversational Only Premium Pay:

- (a) For employees who become eligible and receive Level I Bilingual Conversational Premium Pay on or after July 1, 2013 the City shall pay a stipend of \$75/month, pro-rated for part-time, regular employees.
- (b) Employees currently receiving Level I Written and Conversational Bilingual Premium Pay pursuant to Section 1.8.2 shall continue to receive the premium pay.

1.7.4 Level II Bilingual Translator Premium Pay:

In addition to the Level I stipend for Written and Conversational bilingual competency the City will designate a limited number of staff as Level II Bilingual Translators. Such Level II Bilingual Translators shall perform written translations that are viewed by a large audience of City residents (i.e. City mailers, City Council minutes, inserts in City utility bills, etc.). Level II Bilingual Translators must meet all requirements under Level I prior to applying for Level II consideration.

- (a) Qualified Level II Translators shall receive the Level I stipend as outlined in 1.8.2 (b) and an additional \$100/month.
- (b) To evidence competency as a Level II Translator, employees must pass a skills-based test administered by the City to demonstrate competency in written translation.

1.8 Notary Pay

Employees authorized by their department head to act as a notary for official City business shall receive an additional seventy-five (\$75) dollars per month pay. This provision will become effective on the payroll period with a beginning date on or after July 1, 2013.

1.9 Longevity Pay

Any employee with at least 10 years as a regular, benefitted Watsonville employee shall receive a one percent (1%) Longevity Pay Premium. Any employee with at least 15 years as a regular, benefitted Watsonville employee shall receive an additional one-half percent (.5%) Longevity Pay Premium. Longevity pay will become effective the first full pay period after ratification of the MOU by both the Managers Group and the City.

1.10 Deferred Compensation

Employees may participate in the Deferred Compensation Plan currently. Employees must contribute to a deferred compensation plan in order to receive the following matching City contributions. The City will match contributions of up to \$50 per paycheck to the deferred compensation plan offered by the City effective in the first full pay period after July 1, 2023.

2.0 INSURANCE

2.1 Health Insurance

2.1.1 The City shall maintain in effect current health insurance coverages for all full-time Unit employees in the competitive and general services.

2.1.2 The City shall contribute the following monthly amounts towards health insurance coverage for full time employees defined above in Section 2.1.1

Per employee	<u>\$1,437.50</u>
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2.1.3 If plan contribution increases are necessary for the 2026, 2027, and 2028 plan years, the City and Employees contribution shall be shared equally, provided that increased City and Employee contributions do not exceed \$45/month per employee. Increases above \$45/month cap are subject to meet and confer process.

Should insurance plan changes result in City costs below current costs, the intent of the parties is that the savings shall benefit both the bargaining unit and City equally.

- 2.1.4 Regular part-time employees will be fully covered at the employee only level at the City's expense. The employee shall have the option of covering additional dependents at their own expense. This shall be determined by utilizing the three tier rate which the City has established for the COBRA and other purposes (less any surcharges). To cover one (1) dependent, the employee will pay the difference between the employee only rate and the employee plus one rate. To cover the family, the employee will pay the difference between the employee only rate and the full family rate under the three tiers.

The decision to cover family members shall be made during a one time election when this provision becomes effective. Thereafter, employees may only add or delete family members in accordance with plan rules.

- 2.1.5 For any member of the Unit who uses all leave due to illness or injury, which is not a Workers' Compensation claim, the City shall maintain the health insurance coverage and pay the premium on behalf of the member for an additional thirty (30) days.
- 2.1.6 The City and the employees agree to jointly participate in the City Employees Health Committee (CEHC) as outlined in the bylaws dated July 1992.

2.2 Excess Disability Insurance

- 2.2.1 In the event of job-related injury or illness, the employee will receive the maximum weekly Workers' Compensation benefit as determined by State law. This does not supersede Workers' Compensation laws relating to Public Safety employees.
- 2.2.2 In addition to this amount, the employee may receive an appropriate amount of accrued sick leave pay to provide for the difference between the established Workers' Compensation amount and the employee's regular gross pay.
- 2.2.3 The employee may also receive \$50.00 per week extra disability coverage in lieu of accrued sick leave pay.
- 2.2.4 In no event shall the combination of Workers' Compensation benefits exceed the regular gross pay of the affected employee.

2.2.5 It shall be the responsibility of the employee to notify the Finance Department within three (3) days of the injury or illness if the extra coverage option described in Section 2.2.3 above is to be implemented.

2.2.6 Absent notification to the contrary, the Finance Department will automatically apply accrued sick leave with the established Workers' Compensation amount to equal the employee's gross pay.

2.2.7 The \$50.00/week excess coverage shall not apply until the seventh (7th) calendar day following injury or illness event.

2.3 Long Term Disability Insurance

The City shall continue paying the Long Term Disability Insurance premium for the Unit members for the term of the agreement.

2.4 Life Insurance

Life insurance coverage is Fifty (\$50,000) Thousand Dollars for all Unit employees and Two Thousand (\$2,000) Dollars per dependents.

3.0 LEAVES

3.1 Vacation Leave

1st year	12 days
2nd year	13 days
3rd year	14 days
4th year	15 days
5 - 10 years	16 days
11+ years	22 days

3.1.1 Employees with more than two (2) times their annual vacation accrual on the books shall bring their accrual within the accrual maximum by December 31, 2017. After one year of service, each employee will be expected to take during each year the vacation to which he/she is entitled. After December 31, 2017, when an employee's vacation balance reaches two times their annual vacation accrual, the employee will not accrue vacation until the vacation balance is below the accrual maximum. If an employee is denied requested vacation due to the needs of the City, the department must send a memo explaining the situation for consideration by the City Manager prior to the employee reaching the maximum accrual. Only the City Manager may grant temporary exceptions to this section in extraordinary circumstances.

3.2 Holidays

There shall be fourteen (14) holidays per year as specified below:

January 1 (New Year's Day)
 January 21 (Martin Luther King Day)
 Lincoln's Birthday (Floating holiday)
 Third Monday in February (Washington's Birthday)
 March 31 (Cesar Chavez Day)
 Last Monday in May (Memorial Day)
 July Fourth
 First Monday in September (Labor Day)
 November 11 (Veterans Day)
 Thanksgiving Day
 Friday following Thanksgiving (in lieu of Election Day)
 December 24 (in lieu of Admission Day)
 December 25 (Christmas Day)
 December 31

Recognized holidays which fall on Saturday shall be observed on the preceding scheduled work day. Recognized holidays which fall on a Sunday shall be observed on the following scheduled work day.

There will be one (1) floating vacation day credited to each employee on Lincoln's Birthday, which may be taken pursuant to the City's leave regulations.

3.3 Sick Leave

3.3.1 Each employee shall accrue sick leave in the amount of one and one quarter (1-1/4) days per month of service (10 hours). Sick leave is payable per City Personnel Rules and Regulations.

The maximum accumulation of unused sick leave is 125 days (1,000 hours). Sick leave accumulated in any calendar year in excess of 125 days (1,000 hours) shall be paid at the rate of 50% of such excess on the first payroll of December. The balance of such unused sick leave is lost and the sick leave accrual is reduced to 125 days (1,000 hours).

3.3.2 Unused sick leave may not be used to delay the date of an employee's disability retirement.

3.3.3 Employees may use up to twenty-four (24) hours per calendar year of their accrued sick leave for the purposes of personal business which shall be subject to the same rules as vacation

4.0 ENACTMENT

This MOU shall become effective upon ratification by the City Council of the City of Watsonville, and shall remain in full force and effect until June 30, 2028, or until a new MOU has been executed.

MANAGEMENT UNIT

Date 7/1/2025 | 9:38 AM PDT

Date 7/1/2025 | 9:46 AM PDT

Date 7/1/2025 | 3:08 PM PDT

Signed by:
Jason Panick
787B46BC64E04F8...
Jason Panick, Unit Representative
DocuSigned by:
Angelica Jauregui
3ED3FC4970294E7...
Angelica Jauregui, Unit Representative
Signed by:
William Smith
111-256B88D041A24E9J...
William Smith, Unit Representative

CITY OF WATSONVILLE

Date

Tamara Vides, City Manager

Date

City Attorney

Date

City Clerk