

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



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

This Memorandum of Understanding sets forth the agreement between the representatives of the Confidential Unit and the representatives of the City of Watsonville on all matters contained herein for employees of the City of Watsonville in the Confidential Unit. The parties hereto 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 the salaries, benefits, and other terms and conditions of employment for said employees in the Confidential Unit.

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

All benefits currently in effect and not modified by this Agreement shall remain in effect for the term of this Agreement, except as provided herein.

1.0 COMPENSATION

1.1 Salary

Effective the beginning of the first full pay period after July 1, 2025 and ratification by the Confidential 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 pay 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 pay period after July 1, 2027, 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 and ratification by the Confidential unit and City Council approval, classifications listed below will receive the following equity/compaction adjustment:

Administrative Assistant II: 2.2%

Deputy City Clerk: 4.9%

Executive Assistant: 2.5%

Payroll Coordinator: 7.8%

1.3 Overtime

1.3.1 Time and one-half will be paid for all overtime over the normal forty (40) hour work period. Paid time off shall be counted as time worked over the normal forty (40) hour work period.

1.3.2 C.T.O. shall accrue at the regular overtime rate of one and one half hours of C.T.O. for each hour of overtime worked. Employees may maintain a compensatory bank of up to forty (40) hours. Upon utilization of compensatory time and reducing accruals below the forty (40) hour limit, employees may earn additional compensatory time off. However, employees may exceed the forty (40) hour accrual limit upon Department Head approval. If approval over forty (40) hours, employee shall receive payment of his or her regular hourly rate for CTO accrued in excess of forty hours. Automatic payment shall be made by the last payroll date on June 30 of each year.

1.4 Bilingual Pay

1.3.1 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

1.4.2 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 Written and Conversational 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 Association. Employees who receive the five percent premium, above, may irrevocably opt into the \$250/month stipend specified in (a) above.

1.4.3 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 1.3.2 shall continue to receive the premium pay.

1.4.4 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.)

- (a) Level II Translators shall receive 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.

1.5 Employee Retirement Contribution

1.5.1

Effective the first full pay period after July 1, 2013, each employee agrees to pay the full seven percent (7%) of the employee share.

- 1.5.2 Pursuant to California Public Employees' Pension Reform Act of 2013 (PEPRA), 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.

1.5.3 Retirement Tax Deferment:

The City shall maintain the IRS Sec. 414(h)(2) provision allowing employees to make employee retirement contributions with pretax (tax deferred) dollars.

1.6 Deferred Compensation

Members of this Unit may participate in the Deferred Compensation Plan currently in effect. 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 the first pay period after July 1, 2023.

1.7 Temporarily Working Out of Classification

In every City department subordinate employees are expected to act as relief for their superiors. Employees also may be assigned to a higher classification which is vacant due to the absence or resignation of another employee. This provides training opportunities to help qualify employees to successfully compete for future promotion. Acting as relief for a lengthy period, however, should be recognized by added compensation since a higher level of continuing responsibility is involved.

Procedure. With prior management approval whenever a subordinate employees acts as relief and must perform substantially higher duties for a superior for more than fifteen (15) cumulative working days in a fiscal year, an appropriate salary adjustment shall be made pursuant to these rules. The salary adjustment shall become effective on the 16th day of the temporary assignment and shall not be retroactive. Upon returning to the responsibility of his/her normal position, salary shall be returned to the normal level.

Compensation for work out of classification will be the lowest step in the higher salary range with pay which provides a minimum increase of five (5%) percent above the normal rate of pay for the employee.

1.8 Education Incentive

The City shall provide to employees an annual incentive who possess advanced degrees as follows:

Bachelor's Degree: \$600/year
Associate's Degree: \$300/year

To comply with CalPERS reporting instructions, educational pay will be paid in equal amounts per pay period over the course of the year.

In no case shall any eligible employee receive combined education incentive pay for possession of an associate degree and/or bachelor's degree. Employee shall receive the higher benefit of the two degrees possessed.

1.9 Notary Pay

Employees authorized by their Department Head to act as a notary for official City business shall receive an additional \$75 (seventy five) dollars per month pay, beginning the first full payroll period in January 2007.

1.10 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.

2.0 INSURANCE

2.1 Health Insurance

2.1.1 The City shall retain in effect current health insurance coverages for all Unit employees. The City shall contribute the following monthly amounts per full time employee towards health insurance coverages:

January 1, 2025	\$1,437.50
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2.1.2 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 the 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.

2.1.2 The City and the employees agree to jointly participate in the City Employees Health Committee (CEHC) as outlined in the bylaws dated July 1992.

2.1.3 Implementation of changes in medical insurance will be subject to the meet and confer process between the City and the Unit.

2.1.5 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.

Regular part-time employees employed on or before December 1, 1998, in the thirty (30) hour category, shall continue to receive full health insurance benefits.

- 2.1.6 For any member of the Unit who expires 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.
- 2.1.7 The City agrees to continue to work with the City Health Committee to evaluate alternative and/or tiered health options prior to annual renewal of health plan.

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.
- 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 Fifty Dollars (\$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 Fifty Dollars (\$50) per week excess coverage shall not apply until the seventh (7th) calendar day following the injury or illness event.

2.3 Life Insurance

The City shall increase to Fifty Thousand Dollars (\$50,000) per employee life insurance policy for the term of this Agreement and Two Thousand (\$2,000) Dollars per dependents.

2.4 Long Term Disability Insurance

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

3.0 LEAVES

3.1 Vacation

Each employee shall accrue vacation as specified below:

0 through 5 years of service	-	12 days per year
6 through 12 years of service	-	16 days per year
13 or more years of service	-	22 days per year

3.2 Maximum Vacation Accrual

Maximum vacation accrual shall be no more than two (2) times an employees' annual vacation amount.

Employees requesting and denied vacation due to the needs of the City and therefore having vacation accrual amounts exceeding the maximum shall have a sixty (60) day period from the time the vacation request was denied to reschedule their vacation.

3.2.1 As of December 31, 2017, all employees with more than two (2) times their annual vacation accrual on the books shall bring their accrual within the accrual maximum. 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.

3.3 Holidays

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

January 1 (New Year's Day)
Third Monday in January (Martin Luther King's Birthday)
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.

3.4 Sick Leave

3.4.1 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 only in the cases of bona fide illness or injury in accord with Administrative Rule III-1.11.

3.4.2 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). An employee may be compensated for sick leave in excess of 1000 hours at 50% upon retirement or resignation of service in good standing. This shall not apply to employees who are dismissed.

3.4.3 In the event of an illness in the immediate family, an employee shall be granted accrued sick leave not to exceed one half of the employee's annually accrued sick leave. . For the purposes of this section, immediate family shall include: a child, which means a biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis, a biological, adoptive, or foster

parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child, a spouse, a registered domestic partner, a grandparent, a grandchild, or a sibling.

Where unusually close ties exist, the department may determine other relationships to be included in the definition on a case-by-case basis.

3.4.4 Employees shall cease accruing sick leave after eighty (80) consecutive hours on paid sick leave.

3.4.5 In case of death in the immediate family, an employee may be granted accrued sick leave not to exceed three (3) days. In cases involving out-of-state funerals, an additional two (2) days may be granted. Additional time off for this purpose must be vacation, C.T.O., or unpaid leave.

Bereavement leave must be approved by the Department Head.

3.4.6 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

3.5 Personal Leave

3.5.1 Current employees shall receive fifty-two (52) hours of Personal Leave per year beginning July 1st. Unused Personal Leave as of June 30 shall be paid off at the regular rate of pay the succeeding month.

3.5.2 Employer shall pro-rate Personal Leave up to a maximum of 4.33 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.

3.6 Family Care and Medical Leave Policy

3.6.1 In accordance with the Federal Family and Medical Leave Act (FMLA) and the California Family Rights Act (CFRA), the City of Watsonville (City) will provide unpaid family and medical care leave for eligible employees for up to 12 weeks per 12-month period for the following reasons only:

- a. The birth of a child or to care for a newborn of an employee;
- b. The placement of a child with an employee in connection with the adoption or foster care of a child;
- c. Leave to care for a child, parent or spouse who has a serious health condition; or

- d. Leave because of a serious health condition that makes the employee unable to perform the functions of his/her position.
- e. A qualifying exigency arising out of the fact that an employee's spouse, domestic partner, child or parent is on active military duty or have been notified of an impending order to active duty.

An eligible employee is entitled to up to twenty-six (26) workweeks of military caregiver leave during a single twelve (12) month period. The twelve (12) month period begins on the first day the employee takes leave and ends twelve (12) months after that date. Unlike other types of family medical leave, military caregiver leave is a one-time entitlement only; it does not renew annually. This leave entitlement does not increase the amount of leave an employee may take for other FMLA/CFRA qualifying reasons during the single 12-month period. For example, an employee may combine military caregiver leave with other types of family medical leave during a single 12-month period. However, the employee is limited to taking a maximum of twenty-six (26) weeks of leave in such circumstances.

Military caregiver leave is to care for a military service member who is undergoing treatment for a serious injury or illness incurred in the line of active duty, or a veteran who is being treated for a serious injury or illness that occurred in the line of active duty during the five years preceding the date of treatment, if the employee is the spouse, domestic partner, child, parent or next of kin of the service member ("Military Caregiver Leave").

When applicable, an eligible family member may take the qualifying exigency leave up to a maximum of fifteen (15) days to match a military member's Rest and Recuperation leave orders.

3.6.2 An employee is eligible for leave if the employee:

- a. Has been employed for at least 12 months; and
- b. Has been employed for at least 1,250 hours during the 12-month period immediately preceding the commencement of the leave.

3.6.3 If an employee requests leave for any reason permitted under this policy, he/she must exhaust all accrued leaves (except sick leave) in connection with the leave. The exhaustion of accrued leave will run concurrently with the leave under this policy.

If an employee requests leave for his/her own serious health

condition, in addition to exhausting accrued leave, the employee must also exhaust accrued sick leave. Workers' compensation and disability leave will run concurrently with family leave.

3.6.4 This section provides a benefit summary only. For further information, refer to the City's Administrative Rule on this subject.

4.0 MANAGEMENT RIGHTS

All City rights, under state law and charter, and all City rights which existed prior to the recognition of the Confidential Unit shall remain vested with the City, unless expressly abridged by the M.O.U. These rights include, but are not limited to:

- the exclusive right to determine the mission of its constituent departments, commissions, boards;
- set standards and levels of service;
- determine the procedures and standards of selection for employment and promotions;
- direct its employees;
- establish and enforce dress and grooming standards;
- determine the methods and means to relieve its employees from duty because of lack of work or other lawful reasons;
- maintain the efficiency of governmental operations;
- determine the methods, means and numbers and kinds of personnel by which government operations are to be conducted;
- determine the content and intent of job classifications;
- determine methods of financing;
- determine style and/or types of City-issued wearing apparel, equipment or technology to be used;
- determine and/or change the facilities, methods, technology, means, organizational structure and size and composition of the work force and allocate and assign work by which the City operations are to be conducted;
- determine and change the number of locations, relocations and types of operations, processes and materials to be used in carrying out all City functions including, but not limited to, the right to contract for or subcontract any work or operations of the City;

- To assign work to and schedule employees in accordance with requirements as determined by the City and to establish and change work schedules and assignments upon reasonable notice;
- establish and modify productivity and performance programs and standards;
- discharge, suspend, demote, reprimand, withhold salary increases and benefits, or otherwise discipline employees in accordance with applicable law;
- establish employee performance standards including, but not limited to, quality and quantity standards, and to require compliance therewith;
- take all necessary actions to carry out its mission in emergencies; and
- exercise complete control and discretion over its organization and the technology of performing its work.

The City Manager and Department Heads have and will continue to retain exclusive decision-making authority on matters not officially and expressly modified by specific provisions of this M.O.U.

In the exercise of the rights set forth in Section 4.0, the City has the right to make reasonable rules and regulations.

5.0 PEACEFUL PERFORMANCE

During the life of this Agreement, Unit employees shall not engage in any work stoppages, strikes, slow-downs, or boycott picketing. No lock-outs shall be made by the City.

In the event that any employee covered by this Agreement, individually or collectively, violates the provisions of this section, the Association shall make a good faith effort to stop such violations of this section.

6.0 RETIREMENT

6.1 Credit for Unused Sick Leave

The City provides the CalPERS 2% @ 55 retirement program plan for employees hired before July 1, 2011, including CalPERS Section 20862.8 - Credit for Unused Sick Leave.

6.2 Two-Tier Retirement Plan

The City shall provide the CalPERS 2% @ 60 retirement plan for 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.

6.3 PEPRA Tier Retirement Plan

Pursuant to California Public Employees' Pension Reform Act of 2013 (PEPRA), the City shall provide the following CalPERS retirement plan for employees and non-Classics hired on or after January 1, 2013 or as soon as administratively possible:

- (a) 2% at 62 formula
- (b) Final compensation based the average of the highest wages earned in any consecutive 3-year period

7.0 MISCELLANEOUS

7.1 IRS-125 Program

The City will maintain in effect the IRS 125 Program to include at least the dependent care option.

7.2 Mileage

The City shall utilize the IRS rate for mileage reimbursement.

7.3 Flexible Schedules

The City acknowledges that there may be benefits both to the City and to the employees in alternative schedules. Employees may request that their Department Heads consider alternative scheduling of their work. Examples of alternate schedules include flex time, job sharing, voluntary work hours, and alternate work schedules.

Employees on flexible schedules shall continue to accrue time on the standard 8-hour day. Accrued leaves shall be charged based on the number of hours missed due to their flexible schedule.

8.0 ENACTMENT

The Agreement 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 Agreement has been executed.

CONFIDENTIAL UNIT

Date: 7/3/2025 | 9:20 AM PDT

Signed by:


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Andrea Samaniego, Unit Representative

Date: 7/2/2025 | 6:10 PM PDT

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Desiree Moya, Unit Representative

CITY OF WATSONVILLE

Date: _____

Tamara Vides, City Manager

Date: _____

City Attorney

Date: _____

City Clerk