

ADMINISTRATIVE REGULATION

A.R. #4

CITY OF ST. CLAIR SHORES
STANDARDIZATION AND EQUALIZATION
OF ADMINISTRATIVE STAFF
FRINGE BENEFITS AND COMPENSATION

11/07/83
Amended 12/01/89
Amended 07/01/92
Amended 07/01/93
Amended 02/07/94
Amended 07/25/94
Amended 12/19/94
Amended 12/18/95
Amended 07/08/96
Amended 09/03/97
Amended 09/16/97
Amended 03/19/98
Amended 07/14/98
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Amended 07/07/03
Amended 10/03/05
Amended 02/20/2007
Amended 04/02/2007
Amended 5/3/2010
Amended 6/3/2010

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Standardization and Equalization of Administrative Staff Fringe Benefits and Compensation

In an effort to standardize and equalize fringe benefits of administrative staff employees and to develop a compensation plan based upon compensation for the value and difficulty of the position, the following plan is offered by the City of St. Clair Shores, Michigan, hereinafter referred to as the City through this Administrative Regulation promulgated by the City Manager for various administrative staff employees who are specifically identified by position in the plan.

References to "employee" or "employees" hereinafter made are intended to apply to all such persons holding administrative staff positions listed in (1.) below. It is the purpose of this plan to achieve and maintain cooperation between the City and its administrative staff employees and to establish standards of compensation and other conditions of employment.

Accordingly this plan constitutes the only document establishing compensation for administrative staff employees and supersedes all prior resolutions, regulations, and administrative orders both oral and written not specifically incorporated herein.

Any modification or deviation from this plan must be in writing and signed by the City Manager.

1. EMPLOYEES COVERED BY PLAN

The provisions of this plan apply only to the following administrative staff employee positions herein after referred to as the "unit":

- ❖ Director of Community Services
- ❖ Director of Finance/Treasurer
- ❖ City Assessor
- ❖ City Clerk
- ❖ Controller/Deputy Treasurer
- ❖ Executive Assistant to City Manager
- ❖ Police Chief
- ❖ Deputy Police Chief
- ❖ Fire Chief
- ❖ Assistant City Manager/Human Resource
Director

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SCOPE OF PLAN

The scope of this plan sets forth terms and provisions relative to wages, hours and other terms and conditions of employment of administrative staff employees. This plan supersedes and voids any and all prior ordinances regarding these matters.

Should any part of this plan or any provision contained herein or the application of such provisions be found or decreed to be invalid by any court action or by reason of any existing or subsequently enacted state or federal legislation, the remaining parts, portions and provisions of this plan shall remain in full force and effect.

3. DISCRIMINATION

The provisions of this plan shall be applied equally to all employees without regard to sex, marital status, race, age, political affiliation, color, creed, national origin and, to the extent that they are unrelated to an individual's ability to perform the job, handicap, height, and weight.

4. REPRESENTATION BY COUNSEL

If an employee is sued in any court for any cause of action, except criminal, traffic, and misdemeanor offenses, allegedly arising from such person's actions or conduct as an employee of the City of St. Clair Shores, the City shall select and pay for an attorney who shall provide a defense for said employee, unless the City determines that said employee was acting outside the scope of his/her duties when he/she engaged in the action or conduct which forms the basis for the suit. Such determination shall be made only after an informal investigation into the alleged action or conduct has been completed by the City Manager. The employee may attend the informal investigation, but the employee shall have no right to be represented by counsel at said investigation. The decision of the City Manager shall be final. When the alleged action is one for which insurance is provided, the employee shall be represented by counsel selected by the insurer.

5. EMPLOYEE'S RIGHTS

It shall be the continuing policy of the City to develop procedures and policies which will provide for maximum efficiency in the City's task of administering its affairs and in providing benefits to the employees covered by this plan.

The City shall, where possible, notify employees in writing prior to all changes in the City's personnel policies.

Any complaint of a non-criminal nature which is made about an employee, either orally or in writing, shall be handled by the employee's supervising authority within thirty (30) days of such complaint unless, for investigative reasons, a longer period of time is needed.

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If after investigation the complaint is of a non-criminal nature, requiring action in the form of loss of time and/or wages or discharge, the employee shall be informed of said complaint. Notification of complaint need not be made to an employee unless a formal disciplinary action is to be taken against a supervisory employee. Formal disciplinary action is defined as a letter of reprimand and/or loss of time and/or wages, demotion, suspension and/or dismissal. In the case of supervisory employees, if the complaint is of a non-criminal nature requiring formal action, the employee's supervising authority, by investigative means, shall determine that there is probable cause that the complaint is valid and truthful before the employee has such disciplinary action taken against him/her.

6. DISCIPLINE AND DISCHARGE

Job Performance. The Employer has the right to discipline or discharge an employee for unsatisfactory work performance as determined by the Employer. An employee will not be discharged for unsatisfactory work performance unless he/she is first notified in writing, by evaluation or otherwise, of his/her unsatisfactory performance and given a reasonable time to improve.

Immediate Discharge. Discipline or discharge other than noted above shall be for just cause.

Notice and Procedure. The Employer agrees promptly upon the discipline or discharge of an employee to notify in writing the employee of the discipline or discharge.

Investigation. The Employer may remove an employee from the work place prior to the imposition of discipline for reasons of conducting an investigation into alleged misconduct. If an employee is removed from the work place under this provision and no suspension or discharge is subsequently imposed upon the employee, he/she shall be compensated for all hours of work lost under the terms of this provision. If the employee is subsequently suspended or discharged after the procedure set forth above, the suspension or discharge may relate back to the time of the initial removal from the work place under this provision.

7. SAFETY

Safety is a mutual concern of the City and its employees. Employees shall observe all safety rules and practices necessary to maintain a safe and healthful work place. Employee safety violations shall be grounds for disciplinary action up to and including discharge.

All employees who are injured or who are involved in an accident during the course of their employment shall file an accident report on a form furnished by the City. No matter how slight the incident, all such injuries should be reported to the employee's supervising authority within twenty-four (24) hours after the occurrence thereof, and any necessary medical attention shall be arranged by the City. The supervising authority shall provide assistance to

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employees in filling out all necessary forms when requested. The employee shall be furnished a copy of any and all accident reports filed by the employees.

Any medical examinations required by the City shall be at no cost to any employee, and both the employee and the City shall receive a copy of the medical report.

8. ALL MANAGEMENT RIGHTS RESERVED

The City reserves the exclusive rights to manage its business in all its phases and details. This right includes, but is not limited to, the right to determine the size and composition of the working forces; to direct, control and assign employees in the discharge of their duties; to hire, suspend or discharge; to apportion the working force; to control the City's property and operations; and to carry out all other functions of management. In the exercise of these rights, the City shall be bound by applicable provisions, if any, of this plan.

In offering this plan, the City does not relinquish any of its rights, responsibilities and requirements provided under the laws of the City, the State of Michigan and the United States as a municipality and employer. This plan does not and shall not circumvent any of the lawful rights, responsibilities and requirements of the City.

The City reserves the exclusive right to lay off personnel for the lack of work or funds, or the occurrence of conditions beyond the control of the employer or where such continuation of work would be wasteful.

9. CITY MANAGER'S AUTHORITY

Certain subjects, such as equipment, job duties, work schedules and assignments and various similar management functions, are not appropriate subjects for inclusion in this plan. Therefore, nothing contained herein shall be interpreted to limit the authority of the City Manager to regulate such matters to the extent provided by law.

10. FRINGE BENEFIT PACKAGE

A. Worker's Compensation

Supervisory employees are covered under the Worker's Compensation Laws of Michigan. Employees cannot receive Worker's Compensation and full City compensation during the same time periods. All on-the-job injuries must be reported by the employee pursuant to State Law.

Any employee receiving Worker's Compensation benefits will receive, in addition, an amount to be paid by the Employer sufficient to make up eighty (80) percent of his/

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her regular weekly income based on a regular workweek. Full-time permanent employees and probationary employees who are unable to work as a result of an injury arising out of the course of employment shall not be charged with sick leave.

When an employee suffers a job incurred injury covered by Worker's Compensation during his/her probationary period, all service time rights due the employee will accrue but the normal probationary period for work performance on the job shall be maintained. If an employee is permanently disabled and receives a disability retirement, the City's payment of wages shall be discontinued.

B. Leaves of Absence

There are several types of leaves permitted by law and by policy with constraints set forth in each specific leave. Except as noted all leaves require an application to be submitted to the City Manager. Generally, a conference will be held to discuss the terms and conditions of the leave application. After this conference, the City Manager may grant the leave, modify it some way, or deny the leave.

To be eligible to apply for a leave, the employee must have been employed by the City of St. Clair Shores for at least one year and have worked at least 1,250 hours during the 12 month period before the leave is requested. Exceptions to this rule will be reviewed on a case by case basis.

1. **Educational Leave**

An employee may request an absence for up to two (2) years to attend on a full-time basis an accredited scholastic program of higher education that is specifically job related or provides for a public administration program that will enhance the City of St. Clair Shores. The employee will be extended COBRA rights only.

2. **Military Leave**

The City of St. Clair Shores will comply with the Reservist Employment Rights as set forth in law. In addition to this, employees who are in any branch of the Armed Forces Reserve and/or National Guard will be paid the difference between their military pay less travel allowance and their regular pay up to a maximum of two (2) weeks for annual training, provided proof of service and payment is submitted. This period will count towards City service time with all benefits maintained.

Additional leave to comply with reservist call-up requirements will be reviewed as required by law.

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3. **Medical Leave**

As required by the Family and Medical Leave Act of 1991, the City is providing for four (4) general leaves.

Under a medical leave, health care benefits will be maintained for the first twelve (12) weeks or credited hours of the absence. After the twelve weeks, only COBRA will be extended to the employee.

For the definition of the twelve weeks credited hours on an intermitted or reduced schedule, a 37 ½ hour weekly employee is entitled to 450 hours while a 40 hour weekly employee is entitled to 480 hours.

Where the event is foreseeable, the employee is required to provide the City with at least a thirty (30) day notice of the leave requirements. Where not foreseeable, the employee or employee representative is required to, as soon as possible, outline the leave requirements.

a. Birth or Child Care

This leave covers the birth or care for a biological or adopted child, foster child, stepchild, legal ward or person standing under a local parent relationship to the employee. The individual under care must be under age 18 or over age 18, if mentally or physically incapable of self-care.

Eligible employees as defined above are entitled to twelve (12) work weeks of unpaid leave during any twelve (12) month period or twelve (12) aggregate for dual employed spouses of the City. However, an employee may be eligible for S&A benefits (birth). An employee must first use accrued sick time, then they can use accrued vacation and personal time then time off without pay. The birth entitlement will expire twelve (12) months after the birth.

An employee may request an intermittent leave to include a reduced schedule, but the total time off requested cannot exceed the twelve (12) work weeks cumulative hours.

b. Adoption or Foster Care

Same as (a.)

c. Family Care

This leave is subject to medical necessity and certification to care for a spouse, biological, adopted or foster child, stepchild, biological parent,

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ward or person formerly in local parentis to the employee or individual who stands in local parentis under the employee. The medical verification must include a statement that the family member is incapable of self-care because of the disability.

The leave may be intermittent, reduced schedule or full-time leave not to exceed the twelve (12) weeks cumulative hours or 12 weeks aggregate for dual employed spouses of the City. If an employee desires, they may use accumulated leave time. If so, an employee must first use accrued sick time, then they use accrued vacation and personal time then time off without pay.

d. Employee Leave

This leave is subject to medical necessity and certification for an employee with a serious health condition to include treatment that renders the employee unable to perform the functions of the job.

The leave may be intermittent, reduced schedule or full-time leave not to exceed the twelve (12) weeks cumulative hours. An employee must first use accrued sick time, then they use accrued vacation and personal time, then time off without pay. The employer may require a second opinion, at its expense, and if the two options conflict, a mutually agreed third opinion may be sought.

4. **Personal Leave**

An employee may be granted up to six (6) months of unpaid leave at the discretion of the City Manager. Service time will not accrue, with only COBRA rights to benefits.

11. JURY DUTY

An employee who served on jury duty shall be paid the difference between their pay for jury duty and their regular pay. Proof of jury assignment and service shall be documented.

12. SICK TIME AND DISABILITY

Employees shall earn $\frac{3}{4}$ day sick leave for each month of service credited on the first day of each month. Employees may take sick leave in one (1) hour increments for illness, injury, medical/dental appointments, or serious illness of spouse or children. The employee's immediate supervisor must be informed in advance when sick time is to be taken.

An employee may elect to cash out their annual accumulation minus time taken off for sick leave at the prevailing rate of pay.

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Sick leave days may accumulate to a maximum of sixty (60) days. Accumulated sick leave over sixty (60) days will be paid annually at the prevailing rate of pay.

To the extent that the employee has not been off on sick leave during the previous calendar year, the employee may elect to receive payment up to nine (9) sick days out of the employee's sick bank at his/her current rate of pay. Any time remaining in the sick bank over sixty (60) days on December 31st after this adjustment shall be paid down to 60 days at 80% of the employee's current hourly rate at the time of payment in January.

Payment will be made in January for the preceding calendar year.

When city service ends for whatever reason, accumulated sick leave shall be paid at 100% of the employee's hourly rate for the first sixty (60) days of sick leave. All sick leave in excess of 60 days shall be paid at 80% of the employee's hourly rate of pay.

The sale of all banked time shall be conditioned upon the Employee providing a request to the Finance Department no later than February 1st of each year for budgetary consideration in the fiscal year commencing July 1.

13. SICKNESS AND ACCIDENT PLAN

The City shall provide a Sickness and Accident Policy to cover sixty-five (65%) percent of wages of fifty-two (52) weeks after the first seven (7) continuous days of illness/injury. Employees must use their own time, with or without pay for the first seven (7) days, i.e. sick time first, if out of sick time, vacation time or personal time can be used in lieu of sick time. Beginning with the eighth (8th) day, they will be paid sixty-five (65%) percent of their gross pay for fifty-two (52) weeks. On the job injuries shall be covered by Worker's Compensation and the Sickness and Accident Policy shall not apply. An employee may supplement income up to thirty-five (35%) percent of hours per day. All benefits (sick leave and vacation leave credits) shall continue in force while Sickness and Accident coverage exists. After coverage lapses, employees may be eligible for an unpaid medical leave at the discretion of the City Manager. All benefits shall cease when Sickness and Accident coverage ends.

A. Long-term Disability

Employees shall be covered by a long-term disability plan to sixty-five (65%) percent of base wage subject to the terms and conditions of the LTD Policy.

14. GROUP TERM LIFE AND AD&D INSURANCE

The City shall pay the full cost of Group Term Life Insurance Coverage of \$50,000 for personnel covered by this Agreement.

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15. MEDICAL COVERAGE

A. Optical Insurance

The optical coverage at the present time is Blue Cross/Blue Shield.

B. Hospitalization

The employer agrees to pay the full cost of the City's Community Blue Option 1 plan, with a Rx co-pay of \$10.00 for generic and \$15.00 brand name with the RXP and XED riders for the employee, eligible spouse, and dependents.

The members under this agreement may use the alternative health care provider HMO with a Rx co-pay of \$10. However, the employer agrees to pay the cost of HMO up to the illustrative rates for the City's Community Blue Option 1 plan. If any HMO coverage rates exceed the PPO rates, then the employee agrees through payroll deduction, to pay the monthly premium difference.

Effective January 1, 2008, prescription coverage co-pays for all plans shall be \$10 generic/\$20 brand name and utilizes the Blue Cross XED and RXP riders and HAP equivalents.

Effective January 1, 2009, prescription coverage co-pays for all plans shall be \$15 generic/\$30 brand name and utilizes the Blue Cross XED and RXP riders and HAP equivalents.

Effective January 1, 2010 the City agrees to pay the full cost or premium for hospitalization medical coverage for all employees hired prior to October 1, 2009 and their families in the bargaining unit for the Blue Cross/Blue Shield Healthy Blue Incentives option G with the CBC-MT (Chiropractic Co-pay) rider. Effective January 1, 2010, prescription coverage shall be provided under the Healthy Blue Incentive option C, (enhanced plan provides a \$10 generic/\$40 brand name with the XID1, XID2 and RXP riders. The City agrees to pay the cost for Health Alliance Plan (HAP) HMO up to the Blue Cross/Blue Shield Community Blue Option 1 rates with the employee paying the premium difference between PPO and HAP rates.

Retirees who had fifteen or more years or more of credited service with annual pension benefits of less than thirty thousand (\$30,000) will who take Community Blue coverage shall be provided a \$0 generic / \$15 brand name Rx co-pay.

This coverage shall be extended for a period of three (3) months to all employees who are on an extended leave of absence and have exhausted all S&A benefits, vacation and sick time. At the expiration of the three (3) month period, the employee will then be allowed to pay the entire monthly premium as permitted under COBRA.

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The parties hereby agree to the following language effective July 1, 2001. The Employer agrees to pay the full cost of hospitalization for its retirees under the St. Clair Shores Employees Retirement System from the earnings of the Retirement System as set forth in state law. Pursuant to Public Act 28 of 1966, as amended (MCL 38.571 et seq.), it is hereby agreed that commencing with fiscal year beginning July 1, 1996, up to one-half (1/2) of the earnings by the pension reserve fund may be used for the payment of medical and hospital insurance cost for all retirees and beneficiaries (retiree, spouse and eligible dependents) receiving benefits from the Retirement System. The use of said funds shall be in compliance with Article IX Section 24 of the State of Michigan Constitution, and other applicable state and federal laws. Such amount shall be paid by the Retirement System directly to the City and shall be used solely for the payment of medical and hospital insurance for retirees and beneficiaries. Funding to the Retirement System shall continue to be in accordance with the State of Michigan Constitution and other applicable law. It is understood that the cost of hospitalization shall include the regular Medicare expense for both employee and spouse.

Vesting for retiree medical insurance will occur after ten (10) years of service to the City of St. Clair Shores for all employees hired prior to July 1, 2005. Effective July 1, 2005, all new hires will be vested at sixty (60%) percent with fifteen (15) years of service. Each additional year of service and additional four (4%) percent will be earned up to a maximum of one hundred (100%) percent.

Effective April 1, 2007, both individuals who retired prior to that date and subsequent to that date shall receive the same medical benefits as those being received by active employees and subject to all future changes, as set forth in 15 B. Individuals however, who are eligible for Medicare coverage, will be provided with the Medicare supplement plan.

C. Dental

The City shall pay orthodontic coverage, the full cost of the present group dental insurance with whom the employee and the employee's family are enrolled. Or the City, at its discretion, may provide another policy with comparable or better coverage than presently received. Effective January, 2002, coverage will be up to \$1,500 per person per calendar year with no deductibles, as noted in the following schedule:

Class I	- 100%, maximum \$1,500 per year
Class II	- 80%, maximum \$1,500 per year
Class III	- 80%, maximum \$1,000 for lifetime
Class IV	- 50%, maximum \$1,000 for lifetime per person under 19 years old (effective 7/1/90)

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D. Reimbursement Accounts

The employees covered by this Agreement will be permitted to utilize qualified reimbursement accounts established as part of Section 125 of the Internal Revenue Code, which permits employees to pay certain health care or dependent care expenses with pre-tax dollars. Administration and limitations of this plan shall be determined by the City and as otherwise required by Federal law or regulation.

E. Cash in Lieu of Benefits

Each employee who elects to waive participation in the City's sponsored health care plans because the employee's spouse has coverage, shall be paid a health insurance allowance of One Thousand Dollars (\$1000) annually. Effective July 1, 2005 this allowance shall be One Thousand Six Hundred (\$1,600) Dollars. The waiver of participation shall remain in effect from coverage year to coverage year unless revoked by the employee, in writing, during a subsequent open enrollment period or as otherwise provided in this agreement. As a condition of waiving participation and receiving an insurance allowance, the employee must annually submit a letter to the Personnel Director certifying that the employee and the employee's dependents will be covered under a health insurance plan. Each employee who elects to accept the insurance allowance for the calendar year January through December will receive payment on or about November 1 of such calendar year, combined with other special pay items.

In the event that an employee's spouse's health care plan ceases to cover the employee and his/her dependents, the employee must reenroll in a City-sponsored health care plan. The City will endeavor to reenroll the employee and the employee's eligible dependents in the City-sponsored health care plan subject to the procedures and the time frame required by the appropriate health insurance carrier. Employees who are reenrolled during a calendar year after having received the insurance allowance for the entire calendar year will be responsible for repaying the City a prorated amount of the insurance allowance that the employee received. If such employee fails to authorize a payroll deduction by the City for this prorated amount, the employee's salary in the next calendar year shall be reduced by an amount equivalent to the prorated insurance allowance owed back to the City. Employees who are reenrolled during the calendar year before having received the insurance allowance for the entire calendar year will receive a prorated allowance.

Retirees are not eligible to participate in the health insurance allowance program.

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16. LONGEVITY

Longevity is an annual payment commencing after an employee has five (5) continuous years accumulated with the City. If an employee leaves the service of the City and later returns, it will be necessary to again accumulate five (5) continuous years before longevity will be paid. Longevity will be based on service from the last date of hire in accordance with the schedule of this section. Commencing on November 1, 1989 and each year thereafter on November 1, the annual longevity payment shall be paid to eligible employees based on their anniversary date in the current calendar year but paid the rate of compensation in effect on November 1st of each year. Longevity checks will be issued no later than the first pay period of November. All employees will be paid a pro-rated longevity as determined by their employment date upon separation from City employment: in order to receive credit for a month's employment, the employee must be credited with a minimum of ten (10) working days on the employer's payroll record.

Longevity Schedule

<u># of years</u>	<u>Maximum</u>	
5 years	\$ 800	1% of base pay
10 years	\$1,600	2% of base pay
15 years	\$2,400	3% of base pay
20 years	\$3,200	4% of base pay
25 years	\$4,000	5% of base pay

17. VACATIONS

Vacations are credited on the first day of each month according to the following schedule:

<u>Total Service Time</u>	<u>Earnings Per Year of Service</u>
Less than 5 years	10 days
Less than 10 years	15 days
Less than 15 years	20 days
More than 15 years	25 days
Hired before 12/31/88	28 days

Vacation accrual is limited to Two Hundred Forty (240) hours. Vacation accrual in excess of Two Hundred Forty (240) hours on January 1 of each year shall be forfeited without payment. No employee will be allowed to have his/her vacation bank in deficit. Upon termination, vacation time shall be paid for all time in the employee's vacation bank at 100% of the

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employee's regular hourly rate. Vacation time accrued prior to the effective date of A.R. #4 may be retained. A maximum of one hundred and twenty (120) hours of accumulated vacation time may be sold annually provided a request is submitted to the Finance Department no later than February 1st of each year for budgetary consideration in the fiscal year commencing the following July 1st.

18. PERSONAL BUSINESS

Six (6) personal business days are authorized for each calendar year. Any employee wishing to take a personal business day must prearrange it with his/her immediate supervisor before the employee's scheduled shift of the day he/she wishes to use as personal business. These days are not accumulative.

19. FUNERAL LEAVE

In the event of a death in the immediate family of the employee or spouse, the employee shall be entitled to the next five (5) days with regular pay (Saturday and Sunday to be included but without pay, unless a regularly scheduled work day), to arrange for or to attend the funeral and burial, or to take care of post-funeral business for all relatives listed below. Immediate family shall be deemed to be:

Spouse	Children	Grandchild
Mother	Mother-in-law	Step-parents
Father	Father-in-law	Step-brother
Brother	Daughter-in-law	Step-sister
Sister	Son-in-law	Step-grandparent
Grandparent	Step-children	Step-grandchild
Children for which the employee or spouse is a legal guardian		

Employees shall be entitled to one (1) day with pay in the event of a death of an aunt, uncle, niece, nephew, brother-in-law, sister-in-law, great grandparent and great grandchild of the employee and/or spouse. There will be a travel day allowed for immediate family if the distance is over Two Hundred (200) miles one way. In the case of death of immediate spouse and/or children (living in the home), seven (7) days will be allowed, of which (5) will be paid. Additional paid time will be allowed upon the death of a spouse and/or child, such as sick time, vacation or compensatory time. The funeral leave allowance shall not be deductible from sick leave or vacation. If a death occurs under these provisions, while an employee is on paid leave, upon notice, his/her status will be changed to funeral leave.

20. HOLIDAY PROVISIONS

The following days shall be recognized as holidays:

- ❖ New Year's Day (January 1st)

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- ❖ President's Day (3rd Monday of February)
- ❖ Good Friday
- ❖ Memorial Day (Last day in May)
- ❖ Independence Day (July 4th)
- ❖ Labor Day (1st Monday of September)
- ❖ Veteran's Day (November 11th)
- ❖ Thanksgiving Day (4th Thursday in November)
- ❖ Friday after Thanksgiving Day
- ❖ Christmas Eve Day (December 24th)
- ❖ Christmas Day (December 25th)
- ❖ New Year's Eve Day (December 31st)

Holidays falling on Saturday shall be taken on Friday and holidays falling on Sunday shall be taken on Monday.

21. PENSION

General employees covered by this agreement shall be eligible for coverage under the General Employees Pension Plan as described below:

- A. Retirement after 25 years of service, and age 50.
- B. Retirement with 10 or more years and defer pension payments to age sixty (60).
- C. Annual Amount – Total service multiplied by 2.5%, not to exceed sixty two and one half (62.5%) percent of Final Average Compensation. Final Average Compensation (FAC) – highest five (5) years out of last ten (10) years, need not be consecutive.

The Police Chief, Fire Chief and Deputy Police Chief hired prior to July 1, 2005 will participate in the pension system as set forth in State Act 345 of 1937 as amended below:

- A. Eligible for retirement after 25 years of service.
- B. Annual Amount – First 25 years of service multiplied by 2.8%, with additional years multiplied by 1% of Final Average Compensation (FAC), not to exceed seventy (70%) percent of FAC.
- C. FAC will be calculated by utilizing the highest three (3) years of the last ten (10), need not be consecutive.

Additionally, effective July 1, 2010, the benefit calculation of both groups listed above shall be capped at the annual base pay amount received by the employee at the time of their separation from City service

A post retirement cost of living increase of 5% will be provided for a retiree at age sixty (60) or five (5) years after retirement, whichever is the latter, based on

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the amount of retirement allowance being paid at that time. A second increase of 5% compounded effective five (5) years after the first increase will be provided. Effective 7/1/93, the City agrees to restore (pop up) the retirement allowance to the regular option to a retiree if the spouse precedes the retiree in death. The FAC includes all remuneration received through a payroll check issued before retirement and employee contribution to the 401a including special purchases like ICMA and service time.

Deferred Retirement (vested benefit). Eligibility – ten (10) or more years of service, benefit begins at age sixty (60). Annual amount computed as regular retirement, but based on FAC and service at time of termination.

Employees shall receive interest on their accumulated pension fund money, and shall receive a statement each year as to the amount accumulated. Once a year the respective Pension Board shall set the interest rate, which shall be no less than three (3%) percent nor more than six (6%) percent.

Effective July 1, 2010, the sale of sick/vacation time prior to retirement is limited to One Thousand (1000) hours for calculating an employee's final average compensation (FAC).

Effective July 1, 2005, the defined benefit (DB) plan is closed to new hires. A defined contribution (DC) plan will be established. The plan will provide for an Employer contribution of ten (10%) percent of the Employee's pension wages and a required Employee contribution of five (5%) percent. Vesting of Employer contributions is twenty (20%) per completed year of service.

Duty Disability Retirement

Eligibility – no age or service requirements. Annual amount – computed as regular retirement with a minimum benefit of 20% of Final Average Compensation upon termination of Worker's Compensation or age sixty (60), whichever occurs first, additional service credit is granted and benefits are recomputed. A booklet detailing the administrative guidelines of the pension plan will be developed and made available to the employees (SCS Employees Retirement System Summary Plan Description).

Deferred Compensation

Effective the first pay in January, 1996, the employer agrees to pay an amount equal to 6.5% of the employee's wages (excluding longevity) to the 401a Plan. Effective the first pay in July, 1999, the employer agrees to pay an amount equal to 7% of the employee's wages (excluding longevity) to the 401a Plan. This payment is to be included as part of FAC. Employees shall make a mandatory contribution equal to 2% of their wages.

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24. WAGES

Employees hired shall start at 85% of the guaranteed rate; 90% after one year; 95% after two years; 100% after three years. The City retains the discretion in appropriate circumstances to start employees at a higher percentage. Effective July 1, 2010 classifications covered by this plan shall have their base wage rate reduced by five (5%) percent. Additionally, the wage rate for anyone promoted or hired into the classification of Chief of Police shall be ninety-five thousand (\$95,000) dollars per year and anyone promoted or hired into the positions of Deputy Police Chief or Fire Chief shall be ninety thousand (\$90,000) dollars per year. These wage rates shall then remain frozen through June 30, 2012.

26. EXTRA WORK

In recognition of the additional hours worked beyond normal office hours, required by the positions included in this unit, each employee shall be paid an additional thirteen (13) days. Payment will be made on July 30th of each year in a separate check.