COMPENSATION PLAN

City of Novato
and
Exempt Management
(Unit G)

Term of Agreement
July 1, 2025 - June 30, 2028

922 Machin Avenue
Novato, CA 94945

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EXEMPT MANAGEMENT RECOGNITION AND INCENTIVE COMPENSATION PROGRAM FOR FISCAL YEARS 2025/2026, 2026/2027 AND 2027/2028

PREAMBLE

This program 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, clear 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 and supervisory personnel, and strengthening the managers (if any) whose effectiveness and performance fall short of reasonable levels of expectation.

A management recognition and incentive program should promote greater management identification, organization loyalty, and motivation among Department Heads and other exempt administrative personnel. This program can enhance the professional growth of management personnel, and can promote a consistently higher level of service to the public. Exempt employees shall include the classifications set forth in Exhibit A (attached).

1. SALARY AND OTHER COMPENSATION

1.1 a. Salaries

Salaries for applicable Management classifications shall be paid in accordance with the employee's placement on the Salary Schedule.

Effective the first full pay period after City Council approval, a base wage increase of three and one-half percent (3.5%%) shall be made to the salary schedule.

Effective the first full pay period in July 2026, a base wage increase of three and one-half percent (3.5%) shall be made to the salary schedule.

Effective the first full pay period in July 2027, a base wage increase of four percent (4.0%) shall be made to the salary schedule.

b. Equity Adjustments

Effective the first full paid period following City Council approval, the following classifications will receive a base wage equity adjustment:

Assistant City Manager	5.7%
Chief Information Officer	2.9%
City Clerk	.31%
Director of Community Development	5.2%
Deputy City Manager	2.8%

Deputy Director of Community Development	5.2%
Deputy Director of Community Services	5.2%
Deputy Director of Finance	5.2%
Deputy Director of Public Works	4.36%
Director of Parks, Recreation & Community Services	3.3%
Economic Development Manager	2.2%
Finance Director	6.8%
Public Works Director	3.1%
Recreation Division Manager	11.92%
Technology Manager	2.9%

1.2 Performance Pay

Subject to City Council appropriation of funds, performance pay is available annually during the first full pay period in July to all non-Department Head classifications of up to $2,000, based upon the performance of eligible employees. Performance shall be documented by the employee's supervisor in their annual evaluation. Employees must work the entire prior fiscal year to be eligible for performance pay, amounts are not prorated. The amount of performance pay shall be determined by the City Manager. Performance Payments will be reported to CalPERS pursuant to California Code of Regulation CCR 571

1.3 Transportation and Technology Stipend

Each unit member will receive a monthly two hundred and fifty dollars ($250) stipend to use towards transportation and technology.

1.4 Bilingual Pay

Upon recommendation of the City Manager or designee, each person who has demonstrated Spanish language fluency to provide bilingual translation services shall receive an additional three percent (3%) of base compensation. To receive bilingual pay, the unit member shall have demonstrated language fluency in the designated language to the City's satisfaction and must provide bilingual services within the scope of their position and as otherwise directed by the City. This pay is not retroactive and will commence the first full pay period after passing of the language test to the City's satisfaction.

1.5 Longevity Pay

Longevity Pay shall be based on total years of service with the City of Novato. Effective the first full pay period after ratification by all parties, all classifications shall receive longevity compensation in accordance with the following schedule:

- A base wage increase of one percent (1%) will be added to eligible employee's base wage, commencing at the beginning of the employee's 7th year of service to the City.
- An additional base wage increase of one percent (1%) will be added to eligible employee's base wage, commencing at the beginning of the employee's 10th year of service to the City.
- An additional base wage increase of one percent (1%) will be added to eligible employee's base wage, commencing at the beginning of the employee's 15th year of service to the City.

2. VACATION LEAVE

In recognition of the fact that many management personnel are recruited from outside the City, that the average tenure for top management personnel is substantially lower than that of nonexempt personnel, and that at least five (5) years' prior experience is required, the following vacation leave policy for exempt personnel shall be implemented.

2.1 Vacation Entitlement

Exempt employees shall accumulate vacation time in accordance with the following vacation entitlement schedule, with service credit available upon hire for prior service with other public agencies at the discretion of Human Resources:

Service	Hours Per Year	Hours Per Pay Period
First Year	80	3.08
After 2 Years	120	4.62
After 5 Years	160	6.15

An employee shall begin earning vacation upon the first day of employment. Vacation leave time shall be accrued as it is earned; odd fractions rounded to the nearest tenth. Vacation time shall not be taken until earned and shall be subject to other provisions of this resolution. When an employee is on a leave without pay status, they shall not be entitled to earn vacation. For purposes of calculating vacation earned upon termination, the entitlement is earned on a monthly basis calculated by multiplying the annual entitlement times 8 hours and dividing by 12. Odd fractions will be rounded to the nearest tenth. Upon termination of an employee's service with the City, they shall be paid a lump sum for all earned vacation not taken.

An employee may take vacation at times approved by the City Manager or designee. However, no employee shall be allowed to carry over more than 320 hours of earned vacation to the next year. Vacation time shall be taken in increments of nine (9) hours.

2.2 Excess Pay Off

Earned vacation time in excess of 320 hours shall be paid off annually on the second pay date in January.

2.3 Optional Pay Off

In addition to the excess pay off provided above, Exempt Management employees may also cash out up to 80 hours of accrued vacation annually during the month of December. Payment for these hours will be made on the second pay date in January.

3. HOLIDAYS

3.1 Paid Holidays

All employees shall receive fourteen (14) paid holidays per year.

New Year's Day	January 1
Martin Luther King Day	Third Monday in January
President's Day	Third Monday in February
Memorial Day	Last Monday in May
Juneteenth	June 19
Independence Day	July 4
Labor Day	First Monday in September
Veterans Day	November 11
Thanksgiving Day	4th Thursday in November
Friday after Thanksgiving	
Christmas Eve	December 24
Christmas Day	December 25
New Year's Eve	December 31
One (1) Floating Holidays	

It is the intent of this resolution that all full-time employees receive fourteen (14) paid holidays regardless of their assigned work week. An eligible employee will receive compensation for the number of hours that corresponds to the employee's regularly scheduled shift on that day.

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, they may select another day as holiday leave with pay during the fiscal year with the consent of the City Manager.

3.2 Floating Holiday

The floating holiday may be taken at any time during the fiscal year with the prior approval of the City Manager or designee. The floating holiday may not be accumulated and carried forward to the next fiscal year.

3.3 Chief of Police Holiday Pay In-Lieu

In accordance with Resolution 1-13 and in recognition of the requirements of managing a 24 hour per day, 7 day per week public safety operation, the Chief of Police shall be entitled to the same holiday pay in-lieu of time off that is provided to all other management employees in the Police Department under the terms of their MOU. The holiday pay is based on 14 holidays at 10 hours per day for a total of 140 hours.

4. EDUCATION LEAVE

4.1 Education Leave

In order to promote continued development of skills, knowledge and abilities among the Management Team of the City, the City Manager may grant time off to any exempt employee for educational leave. Such leave may be received in order to attend professional, technical, managerial workshops, courses, conferences, conventions, seminars or related activities. The costs for attendance at these activities, including travel, per diem, registration, tuition, material or other reasonable costs, are legitimate City expenditures as provided for in the annual City Budget and Administrative Policy 6.2. The incentive payment provisions of this Policy shall be provided in the amount of $150 for tuition reimbursement and $20 per month for level one reimbursement and $40 per month for level two reimbursements.

4.2 Chief of Police Education Incentive

In accordance with Resolution 1-13, the Chief of Police shall be entitled to the same education incentive that is provided to all other management employees in the Police Department under the terms of their MOU. The incentive shall be:

Associate's Degree	4%
Bachelor's Degree	5%
Master's Degree	6%

The education incentives are not cumulative. Only one incentive shall be provided based on the highest degree attained.

5. EXECUTIVE 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 Executive Leave policy shall be implemented:

5.1 Executive Leave Accrual

Each exempt management employee may receive up to ten days (90 hours) Executive Leave annually during the first full pay period in July. An additional ten

days (90 hours) Executive Leave may be awarded at the discretion of the City Manager. Executive Leave is to be taken in increments of nine hours.

5.2 Cash Out of Excess Leave

Employees in the Exempt Management group may accumulate a maximum of 30 days (270 hours) of Executive Leave. During the first full pay period in July, all hours in excess of 270 shall be paid off.

5.3 Optional Leave Usage Requirements

Executive Leave shall be taken in one day increments consistent with an employees' regular schedule.

5.4 Separation From City Service

Executive leave balances shall be paid out at separation from City service.

6. TERMINATION ALLOWANCE

6.1 Severance Pay

In order to foster job security within a professional climate, exempt employees who receive no protection from the City's Merit System will be entitled to 90 calendar days 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, exempt employees shall give 30 days notice prior to voluntary termination.

6.2 Allowance Schedule

Exempt employees shall be covered by the following termination allowance schedule in addition to the 90 calendar days covered in Section 6.1:

Service to Novato	Work Weeks
After 1 year	1
After 2 years	2
After 3 years	3
After 4 years	4
After 5 years	5
After 6 years	6
After 7 years	7
After 8 years	8
After 9 years	9
After 10 years	10

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.

7. PROFESSIONAL MEMBERSHIP FEES

7.1 Professional Membership Fees

Most exempt management personnel are expected to maintain membership in appropriate professional organizations. These memberships serve to acquaint the City with the current state-of-the-art 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.

7.2 Chief of Police Uniform Allowance

The Chief of Police shall be entitled to the same per month uniform allowance that is provided to all other management employees in the Police Department under the terms of their MOU. The allowance will be paid on a quarterly basis.

8. INSURANCE BENEFITS

8.1 Enrollment

When an employee commences work with the City, the effective date of coverage of their benefit distribution selection shall be that established by the individual carrier. In most cases, coverage begins the first of the month following date of hire.

Employees will choose from available health insurance programs and/or health and welfare plans at such times as carriers allow for open enrollment periods. Dependent coverage may be added or deleted between open enrollment periods subject to conditions imposed by the selected carriers.

The times at which enrollment in or withdrawal from nonmandatory group life or disability income insurance plans is authorized shall be as established by City policy subject to requirements of the insurance carriers.

8.2 Enrollment

Regular employees working half-time or more, but working less than a full schedule, shall be entitled to all benefits provided on a reduced time or payment basis computed on the ratio of allocated part-time employment to full-time employment.

8.3 Benefit Enrollments

Benefit enrollments are as follows:

Mandatory
Dental Insurance
Vision Insurance
Employee Life Insurance (Basic $100,000, AD&D)
State of California Disability Insurance

Optional
Long Term Disability Insurance
Health Insurance/Health and Welfare Programs (Medical carriers as provided by PERS health Plan):
Employee only
Employee and one dependent
Employee and two or more dependents

8.4 Benefit and Insurance Amounts and Distribution

Effective July 1, 2025, and updated with new dollar amounts for the next plan year, the City shall contribute the following amounts toward employee health care premiums based on the applicable participation levels:

a. Employees at the "employee" only level shall receive $1,112.90 per month or the amount of the Kaiser Region 1 premium, whichever is greater.
b. Employees at the "employee plus one" level shall receive $2,225.80 per month or the amount of the Kaiser Region 1 Two-Party premium, whichever is greater.
c. Employees at the "employee plus two or more" level shall receive $2,893.54 per month or the amount of the Kaiser Region 1 Family premium, whichever is greater.
d. Employees hired on or before August 24, 2010, may cash any unused portion of the contribution as taxable income to the member.
e. Employees hired on or after August 25, 2010, who enroll in a medical care plan through the City, shall receive no cash out of the City's contribution for health care premiums if the contribution exceeds the amount required to pay the premium. Such employees who do not enroll in a medical plan through the City shall be limited to health care cash out of no more than Two Hundred and Fifty Dollars ($250.00) per month, which shall constitute taxable income to the member.
f. Employees who were not enrolled in a health plan through the City as of July 1, 2014, may continue to cash any unused portion of the contribution as taxable income to the member during the term of the agreement. However, once these "grandfathered" members enroll into medical coverage with the City, they will lose their grandfathered status and will be subject to section 8.4(e).

8.5 Selection

Employees will choose from available optional health programs and/or health and welfare plans at such times as carriers allow for open enrollment periods. Dependent coverage may be added or deleted between open enrollment periods, subject to conditions imposed by the selected carriers. Mandatory coverage means that member participation is required. The times at which enrollment in or withdrawal from nonmandatory group life and disability income insurance plans is authorized shall be as established by City policy subject to requirements of the insurance carriers.

If the status of an employee's dependent changes, the employee is responsible for notifying Human Resources within thirty (30) days of the effective date of the change to ensure that the City's contribution rate is properly adjusted, if necessary. Failure to notify Human Resources of such change within thirty (30) days could result in the employee being held financially responsible for any benefit overpayment, if retroactive removal is required by law or benefit plan agreements. The employee will be required to reimburse the City via payroll deduction for any such benefit overpayment.

On an annual basis, any employee will be required to verify their dependent status, in writing, to ensure that the City is contributing the appropriate amount towards health insurance premiums and to conform the employee's compliance with the Patient Protection Act and Affordable Care Act. The City will use the Cal PERS definition of the term "dependent." The City reserves the right to request a new employee attestation of dependent status upon changes in benefit enrollments.

8.6 Vision Coverage

Regular employees are eligible for vision insurance coverage for the employee and eligible dependents. The City pays one hundred percent (100%) of the monthly vision plan insurance premium rate for the standard plan on behalf of each regular full-time employee and their eligible dependents.

8.7 Life Insurance

The City will provide basic life insurance for each employee, in the amount of $100,000. The City pays one hundred percent (100%) of the monthly life insurance premium on behalf of each regular full-time employee.

9. RETIREMENT

The City will continue its participation in the State of California Public Employees' Retirement System (PERS) for members as follows:

9.1 Miscellaneous Employees:

a. Tier One – Applicable to employees who are not defined as "New Members" in Government Code Section 7522.04 and were hired into the City before September 25, 2011, are eligible for a 2% @ 55 benefit formula with a one-year highest compensation benefit.

b. Tier Two – Applicable to employees who are not defined as "New Members" in Government Code Section 7522.04 and were hired into the City on/after September 25, 2011, are eligible for a 2% @ 55 benefit formula with a three-year highest compensation benefit.

c. Tier Three – Applicable to employees who are defined as "New Members" in Government Code Section 7522.04 and were hired into the City on/after January 1, 2013 are eligible for the 2% @ 62 benefit formula.

d. The City will continue to provide the following benefits through its contract with the California Public Employees' Retirement System (PERS) for a retirement plan:
   - Level 4 1959 Survivors Benefits
   - Sick leave service credit

9.2 Miscellaneous Member Contributions

a. Effective the first full pay period following approval by the Novato City Council, all Tier I and Tier II employees shall contribute 2.5% towards the employer share of PERS contributions resulting in a total employee contribution of 9.5%. The City will amend its agreement with Cal PERS to reflect the increased employee contribution rate.

b. Tier III employees, who are defined as "New Members" hired on/after January 1, 2013, shall continue to contribute 50% of the total normal cost, unless otherwise determined by CalPERS, or the PERS retirement plan.

c. Employee contributions paid by members will be deducted on a pre-tax basis, in accordance with IRC Section 414(h)(2).

9.3 Public Safety Police Employees:

a. Tier One – Applicable to employees who are not defined as "New Members" in Government Code Section 7522.04 and were hired into the City of Novato before September 25, 2011, are eligible for a 3% @ 55 benefit formula with a one-year highest compensation benefit.

b. Tier Two – Applicable to employees who are not defined as "New Members" in Government Code Section 7522.04 and were hired into the City of Novato on/after September 25, 2011, are eligible for a 3% @ 55 benefit formula with a three-year highest compensation benefit.

c. Tier Three – Applicable to employees who are defined as "New Members" in Government Code Section 7522.04 and were hired into the City of Novato on/after January 1, 2013 are eligible for the 2.7% @ 57 benefit formula.

d. The City will continue to provide the following benefits through its contract with the California Public Employees' Retirement System (PERS) for a retirement plan:

- Level 4 1959 Survivors Benefits
- Sick leave service credit
- Purchase of Military Service Credit (Government Code§ 21024)

9.4 Public Safety Police Member Contributions

a. Tier I and Tier II employees shall contribute 9.0% towards the employee share of PERS contributions.
b. Tier III employees, who are defined as "New Members" hired on/after January 1, 2013, shall continue to contribute 50% of the total normal cost, unless otherwise determined by CalPERS, or the PERS retirement plan.
c. Employee contributions paid by members will be deducted on a pre-tax basis, in accordance with IRC Section 414(h)(2).

10. LEAVE

10.1 Sick Leave

1. Exempt employees shall be entitled to nine (9) hours of sick leave with pay for each month or major fraction thereof.
2. Sick leave with pay up to a total number of working days accumulated shall be granted by the City Manager or Designee in case of bona fide illness or injury and/or in accordance with the FMLA and CFRA.

10.2 Exceptions - Sick Leave

Sick leave with pay shall not be granted for any injury attributable to an outside occupation (for which Workers' Compensation benefits are available and engagement therein has not been authorized).

10.3 Sick Leave Pay Off

Accumulated sick leave will be credited to employee's length of service upon retirement from the City of Novato and will become a part of the calculation upon which PERS retirement benefits are established.

10.4 Industrial Accident Leave

In cases where Workers' Compensation is not immediately payable, City will provide full pay, without charge against sick leave, during the first five (5) days off work and any portion thereof, following an industrial accident, provided the City determines that:

1. The accident is, in fact, work related.

2. Time and duration off from work is necessary as determined by the treating physician.

Any compensation insurance payments received by the employee, except for payment received for permanent or partial disability not associated with current injury, shall be deposited in the City treasury for this five-day period. After the first five days, or if not in conformance with the above criteria, accumulated sick leave shall be applied to time off work following an industrial accident in a proportionate amount which, when added to workers' compensation benefits, provides compensation benefits equal to 86% of the employee's wage or salary.

The employee has the right to notify the City, in writing; prior to an injury, of their choice of physician should the employee be injured. If the employee does not make this prior notification, the City has the right to require that the treatment be provided by a City designated medical examiner during the first 30 days after the injury in accordance with Sections 4600 and 4601 of the Labor Code. This does not preclude the employee from seeking emergency treatment from a physician of the employee's choice, or from being evaluated by a doctor of the employee's choice even while under treatment from the City's medical examiner. In such circumstances, other than in emergency situations, use of a personal physician would be at employee's expense. If the employee is still in need of medical 30 days after the work related and reported injury, the employee has the right to be treated by a doctor of their choice.

Industrial accident leave shall begin on the first day of such absence and shall continue for the length of the approved medical leave.

When an employee is on industrial accident leave status and such industrial accident leave time due the employee has been exhausted, subsequent leave of absence shall first be charged to sick leave accruals, then to compensatory time accruals and then to vacation accruals. An exception shall be made if such would cause an employee to lose vacation which could not be carried forward.

10.5 Miscellaneous Leave With Pay

Exempt employees shall be granted leave of absence with full pay for:

1. Jury service;
2. Subpoena of them as a witness; or
3. Attendance in court resulting from their official duties as assigned by the City Manager.

10.6 Leave of Absence Without Pay

Upon the written request of any employee, the City Manager or designee may approve in writing a leave of absence without pay for a period not exceeding three months; the City Manager may approve such a leave for a period not exceeding one year. During such leave of absence, benefits will not be paid unless employee elects

to reimburse the City for cost; sick leave, vacation or holiday benefits will not be accrued or paid.

Leave of absence without pay will also be granted in accordance with the Federal Family and Medical Leave Act of 1993 and the California Family Rights Act of 1991 and any related amendments.

11. FAMILY MEDICAL LEAVE ACT/CALIFORNIA FAMILY RIGHTS ACT

The City acknowledges its obligation to comply with the requirements of the Family Medical Leave Act (FMLA) and California Family Rights Act.

12. CHIEF OF POLICE COMPENSATION

In addition to the items of compensation set forth above that are specifically extended to the Chief of Police (education incentive, holiday pay in lieu of time off and uniform pay), the Chief's position shall also be entitled to the following benefits:

a. Vacation accrual at 176 hours per year;
b. Reimbursement for education expenses up to $5,000 annually for training in leadership, public safety management, and other areas related to the position of Police Chief and of mutual benefit to the Chief and the City;
c. In lieu of a housing loan, relocation reimbursement of up to $5,000 if the Chief moves to Novato. The relocation reimbursement maximum will decrease annually by $1,000 until by the end of the 5th year after appointment, it is no longer available.

Where one of these benefits is similar to a benefit extended to the other members of the Exempt Management Group (e.g., vacation), the benefit described herein is granted to the Chief of Police in lieu of, not in addition to, the benefit provided to the other members.

13. DEFERRED COMPENSATION

Employees may elect a 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. The City will contribute a dollar for dollar match up to a maximum of two thousand dollars ($2,000) per calendar year for any unit employee who is actively enrolled in the deferred compensation program. The match is subject to IRS regulations and limits.

14. COMPARABILITY STUDY

The City will conduct a comparability/wage differential study for all unit positions to be completed no later than March 31, 2028. It is understood that given the unique nature of many of the positions in the unit, such study may not include all unit positions, but reasonable comparables will be provided for all unit positions. Prior to the initiation of data gathering, the representatives of the unit will meet with the Consultant to discuss the

parameters of the study. No later than 60 days after completion of the study, the representatives of the unit and the City will meet to discuss and consider the study's conclusions.

Agencies used for comparison shall be: Benicia, El Cerrito, Fairfield, Marin County, Mill Valley, City of Napa, Petaluma, Pleasant Hill, Rohnert Park, San Rafael, Santa Rosa, Sausalito, Sonoma County, and Walnut Creek. Additional agencies may be added in an effort to match comparable positions.

15. SALARY SETTING FORMAT

The City Manager, at any time, may submit to the Novato City Council recommended salary adjustments to amend the salary schedule, approved changes will become effective the first full pay period following Council's approval.

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.

EXHIBIT A

Department Head classifications:

Assistant City Manager,
Administrative Services Director,
Chief of Police,
City Clerk,
City Manager,
Community Development Director,
Deputy City Manager,
Finance Director,
Parks, Recreation & Community Services Director, and
Public Works Director.

Non-Department Head classifications:

Chief Building Official,
Chief Information Officer
Deputy Director of Administrative Services,
Deputy Director of Community Services,
Deputy Director of Community Development
Deputy Director of Finance,
Deputy Director of Public Works,
Economic Development Manager,
Engineering Services Manager,
Human Resources Manager,
Maintenance Superintendent,
Planning Manager,
Public Works Administrative Manager,
Recreation Division Manager,
Recreation Operations Manager,
Supervising Code Enforcement Officer, and
Technology Manager.