EXHIBIT 1

SECTION 1. The classification, compensation, and terms of employment for Administrative Officers, Professional and Technical employees, General Unit, Field Services Unit, sworn non-management Fire personnel, sworn management Fire personnel, sworn Police personnel, and sworn management Police personnel are set forth by separate resolutions of the City Council and the provisions herein set forth shall not apply to those employees.

SECTION 2 - DESIGNATED CLASSIFICATIONS. The following is a listing of classifications designated as confidential, non-represented Professional/Technical employees (hereinafter referred to as “non-represented employee”):

<table>
<thead>
<tr>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Manager</td>
</tr>
<tr>
<td>Assistant to the City Manager</td>
</tr>
<tr>
<td>Budget Analyst</td>
</tr>
<tr>
<td>City Clerk Administrator</td>
</tr>
<tr>
<td>Senior Human Resources Analyst</td>
</tr>
<tr>
<td>Management Analyst (assigned to the City Manager’s office only)</td>
</tr>
<tr>
<td>Human Resources Specialist</td>
</tr>
</tbody>
</table>

SECTION 3 – SPECIAL PROVISIONS FOR THE CITY CLERK ADMINISTRATOR. The City Clerk Administrator is an at-will employee of the City of Fountain Valley with no vested rights to the position and serves at the pleasure of the City Manager and may be terminated without cause in accordance with Title 2 of the City’s Municipal Code. In accordance with Section 2.18.050 of the City’s Municipal Code, the City Clerk Administrator is not entitled to a hearing, statement of charges or due process if terminated.

SECTION 4 – WORK SCHEDULE. The City and the non-represented employees recognize a 9/80 synchronized flexible work schedule for City Hall employees. The non-represented employee at City Hall will work:
<table>
<thead>
<tr>
<th>Work Days</th>
<th>Work Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1 of the payroll period: Monday through Thursday</td>
<td>7 a.m. to 5 p.m.</td>
</tr>
<tr>
<td>Week 1 of the payroll period: Friday</td>
<td>8 hour flex day off</td>
</tr>
<tr>
<td>Week 2 of the payroll period: Monday through Thursday</td>
<td>7 a.m. to 5 p.m.</td>
</tr>
<tr>
<td>Week 2 of the payroll period: Friday</td>
<td>7 a.m. to 4 p.m.</td>
</tr>
</tbody>
</table>

**WORK PERIOD.** The seven (7) day work period will begin four hours into the eight hour workday/alternating day off.

**FLEXIBLE WORK SCHEDULE AS A MANAGEMENT RIGHT.** The City and non-represented employee recognize that the institution or termination of the flexible work schedule is a management right and that such schedule may be terminated or modified in the City's sole and absolute discretion.

**SECTION 5 – PROBATIONARY PERIOD.** The probationary period for non-represented employees excluding the City Clerk Administrator is:

**NEW HIRES.** Non-represented employees shall serve a twelve (12) month probationary period. Upon successful completion of the probationary period, the non-represented employee may be recommended for permanent status subject to Department Director and City Manager approval.

**PROMOTIONS.** A non-represented employee promoted to another non-represented classification shall serve a twelve (12) month probationary period. Upon successful completion of the probationary period, the non-represented employee may be recommended for permanent status subject to Department Director and City Manager approval.
**CITY CLERK ADMINISTRATOR.** The City Clerk Administrator is an at-will employee of the City of Fountain Valley with no vested rights to the position and serves at the pleasure of the City Manager; thus is not subject to a probationary period.

**SECTION 6 – COMPENSATION PLAN.** The schedule of base salary rates for non-represented employees shall be:

### 3% Salary Adjustment Effective Payroll Period Ending December 15, 2017:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Manager (Class Code P12)</td>
<td>$7,505.84</td>
<td>$7,881.13</td>
<td>$8,275.18</td>
<td>$8,688.94</td>
<td>$9,123.39</td>
</tr>
<tr>
<td>Assistant to the City Manager (Class Code P45)</td>
<td>$7,092.05</td>
<td>$7,446.65</td>
<td>$7,818.98</td>
<td>$8,209.93</td>
<td>$8,620.43</td>
</tr>
<tr>
<td>Budget Analyst</td>
<td>$6,500.17</td>
<td>$6,825.18</td>
<td>$7,166.44</td>
<td>$7,524.76</td>
<td>$7,901.00</td>
</tr>
<tr>
<td>City Clerk Administrator (Class Code P14)</td>
<td>$8,355.24</td>
<td>$8,773.00</td>
<td>$9,211.65</td>
<td>$9,672.23</td>
<td>$10,155.85</td>
</tr>
<tr>
<td>Human Resources Analyst (Class Code P49)</td>
<td>$5,910.04</td>
<td>$6,205.54</td>
<td>$6,515.82</td>
<td>$6,841.61</td>
<td>$7,183.69</td>
</tr>
<tr>
<td>Senior Human Resources Analyst (Class Code P52)</td>
<td>$6,500.17</td>
<td>$6,825.18</td>
<td>$7,166.44</td>
<td>$7,524.76</td>
<td>$7,901.00</td>
</tr>
<tr>
<td>Management Analyst (Class Code P01)</td>
<td>$5,910.04</td>
<td>$6,205.54</td>
<td>$6,515.82</td>
<td>$6,841.61</td>
<td>$7,183.69</td>
</tr>
<tr>
<td>Human Resources Specialist (Class Code P47)</td>
<td>$5,319.03</td>
<td>$5,584.99</td>
<td>$5,864.23</td>
<td>$6,157.45</td>
<td>$6,465.32</td>
</tr>
</tbody>
</table>

### 3% Salary Adjustment Effective July 1, 2018:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Manager (Class Code P12)</td>
<td>$7,731.01</td>
<td>$8,117.56</td>
<td>$8,523.44</td>
<td>$8,949.61</td>
<td>$9,397.09</td>
</tr>
<tr>
<td>Assistant to the City Manager (Class Code P45)</td>
<td>$7,304.81</td>
<td>$7,670.05</td>
<td>$8,053.55</td>
<td>$8,456.23</td>
<td>$8,879.04</td>
</tr>
<tr>
<td>Budget Analyst</td>
<td>$6,695.17</td>
<td>$7,029.93</td>
<td>$7,381.43</td>
<td>$7,750.50</td>
<td>$8,138.03</td>
</tr>
<tr>
<td>City Clerk Administrator (Class Code P14)</td>
<td>$8,605.90</td>
<td>$9,036.19</td>
<td>$9,488.00</td>
<td>$9,962.40</td>
<td>$10,460.52</td>
</tr>
<tr>
<td>Human Resources</td>
<td>$6,087.34</td>
<td>$6,391.71</td>
<td>$6,711.29</td>
<td>$7,046.86</td>
<td>$7,399.20</td>
</tr>
<tr>
<td>Classification</td>
<td>Step 1</td>
<td>Step 2</td>
<td>Step 3</td>
<td>Step 4</td>
<td>Step 5</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Accounting Manager (Class Code P12)</td>
<td>$7,962.94</td>
<td>$8,361.09</td>
<td>$8,779.14</td>
<td>$9,218.10</td>
<td>$9,679.00</td>
</tr>
<tr>
<td>Assistant to the City Manager (Class Code P45)</td>
<td>$7,523.95</td>
<td>$7,900.15</td>
<td>$8,295.16</td>
<td>$8,709.91</td>
<td>$9,145.41</td>
</tr>
<tr>
<td>Budget Analyst</td>
<td>$6,896.03</td>
<td>$7,240.83</td>
<td>$7,602.87</td>
<td>$7,983.02</td>
<td>$8,382.17</td>
</tr>
<tr>
<td>City Clerk Administrator (Class Code P14)</td>
<td>$8,864.07</td>
<td>$9,307.28</td>
<td>$9,772.64</td>
<td>$10,261.27</td>
<td>$10,774.34</td>
</tr>
<tr>
<td>Human Resources Analyst (Class Code P49)</td>
<td>$6,269.96</td>
<td>$6,583.46</td>
<td>$6,912.63</td>
<td>$7,258.26</td>
<td>$7,621.17</td>
</tr>
<tr>
<td>Senior Human Resources Analyst (Class Code P52)</td>
<td>$6,896.03</td>
<td>$7,240.83</td>
<td>$7,602.87</td>
<td>$7,983.02</td>
<td>$8,382.17</td>
</tr>
<tr>
<td>Management Analyst (Class Code P01)</td>
<td>$6,269.96</td>
<td>$6,583.46</td>
<td>$6,912.63</td>
<td>$7,258.26</td>
<td>$7,621.17</td>
</tr>
<tr>
<td>Human Resources Specialist (Class Code P47)</td>
<td>$5,642.96</td>
<td>$5,925.11</td>
<td>$6,221.37</td>
<td>$6,532.44</td>
<td>$6,859.06</td>
</tr>
</tbody>
</table>

**MATCHING DEFERRED COMPENSATION CONTRIBUTION.**

The City will match up to a $75 per month matching contribution into each employee’s deferred compensation account for each non-represented employee who contributes into the City’s deferred compensation plan. For example, an employee contribution of $25 per
month will receive matching City contribution of $25 per month. An employee contribution of $100 per month will receive a city contribution of $75 per month.

**PAY FOR PERFORMANCE PLAN.**

A. The five (5) step salary ranges for each position shall be established at 5% between each step.

B. Placement within the range would be based on current salary plus existing adjustments.

C. Employees must have been employed in the classification for at least six (6) months during the rating period between July 1 and June 30 of the fiscal year to be eligible for that year's pay for performance increase.

D. Those employees with less than (6) six months employment in the classification at the time of the current evaluation period will be evaluated during the next evaluation period.

**TIMELINE.** The timeframe for the implementation of the performance increases will be as follows:

A. The non-represented employee shall submit a memo to their Supervisor detailing his/her accomplishments during the rating period within the timeframe specified in the annual schedule distributed to all Managers. Typically, this memo is due to the Supervisor in August of each year.

B. The Supervisor and/or Department Director complete the Management Performance Evaluation form within the timeframe specified in the annual schedule distributed to all Managers. Typically, the Management Performance Evaluation is completed by the Supervisor and/or Department Director in August and September of each year.

C. The City Manager reviews each Management Performance Evaluation within the timeframe specified in the annual schedule distributed to all Managers. Typically, the Management Performance Evaluation is reviewed by the City Manager in September of each year.
CRITERIA FOR SALARY ADJUSTMENT.
A. The non-represented employee must receive an overall performance evaluation rating of “Meets Expectations” or “Exceeds Expectations” to be eligible for a pay for performance increase to the next step within the salary range.

B. An overall performance evaluation rating of “Needs Improvement” will not result in a pay for performance increase.

SALARY ON PROMOTION. When a non-represented employee is promoted from employment in one classification to employment in a classification allocated to a higher salary range, the non-represented employee shall be moved to a step within the higher salary range which will provide not less than a 5% increase in monthly/annual compensation.

COMPENSATION FOR ACTING/PROVISIONAL APPOINTMENTS. Subject to the following terms and conditions, a non-represented employee who is required on the basis of a provisional appointment to serve in a classification with a higher salary range than that of the classification in which he/she is normally assigned, shall be moved to a step within the higher salary range which will provide not less than a 5% increase in monthly/annual compensation provided, however, that:

A. The written approval of the City Manager shall be required.

B. The non-represented employee shall perform all the duties and assume all the responsibilities of the higher class for a period not less than thirty (30) calendar days to be eligible for the higher compensation.

C. Compensation for acting/provisional appointments shall be limited to the temporary filling of a vacant, regular position due to termination, promotion, or extended sick leave of the incumbent, or the temporary filling of newly-budgeted positions.
**SALARY ON DEMOTION.** A regular, non-probationary, non-represented employee who is demoted, whether voluntarily or involuntarily, shall be reassigned to the salary range to which his/her new classification is assigned. If the maximum monthly salary of the new classification is less than the non-represented employee’s monthly compensation, his/her salary shall be reduced to the nearest lower step in the new classification to their previous salary. Such non-represented employee shall not be required to serve a probation period in the lower position. The effective date of the demotion shall become the new salary anniversary date and he/she may be eligible for annual merit increases thereafter.

This provision expressly excludes the City Clerk Administrator who is an at-will employee with no vested rights in accordance with Section 3 of this Resolution.

**FAIR LABOR STANDARDS ACT EXEMPTION.** Pursuant to Section 13(a)(1) of the Fair Labor Standards Act, the City hereby determines that non-represented employees are exempt from both the minimum wage and overtime provisions of the Fair Labor Standards Act.

**SECTION 7 - RETIREMENT.** Non-represented employees shall be enrolled as members in the California Public Employees’ Retirement System (CalPERS) and are subject to all applicable provisions of the City’s contract with CalPERS for miscellaneous employees.

**EMPLOYEES HIRED AUGUST 15, 2010 AND EARLIER.** Non-represented employees hired as full-time employees on or prior to August 15, 2010 will be covered under the 2.5% at 55 formula with the benefits specified below.

<table>
<thead>
<tr>
<th>Provision</th>
<th>Government Code Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5% at 55 formula – Effective October 8, 2005</td>
<td>21354.4</td>
</tr>
<tr>
<td>One Year Final Compensation (Single Highest Year)</td>
<td>20042</td>
</tr>
<tr>
<td>Service Credit for Unused Sick Leave</td>
<td>20965</td>
</tr>
<tr>
<td>2% Cost-of-Living</td>
<td>21329</td>
</tr>
<tr>
<td>Post Retirement Survivor Allowance</td>
<td>21624, 21626, and 21635</td>
</tr>
</tbody>
</table>
8% EMPLOYEE CONTRIBUTION. Non-represented employees agree to share the cost of their retirement benefit on a pre-tax basis by paying the full 8% employee contribution. It is the intent of the parties to accommodate the non-represented employee’s desire that said sums be deducted on a pre-tax basis as deferred income for federal and state tax purposes. The parties believe the contribution may be deducted on a pre-tax basis because the City has filed the CalPERS IRS Code Section 414(h)(2) resolution. However, any income tax obligations or penalties arising from such tax treatment shall be the exclusive responsibility of the non-represented employee. The City shall not be responsible for any adverse tax treatment for the employees. The City has made no representation regarding such tax treatment and employees shall seek such advice from their personal tax advisors regarding such matters.

CITY CONTRIBUTION. The City agrees to pay the employer contribution to CalPERS.

EMPLOYEES HIRED BEGINNING AUGUST 16, 2010 THROUGH DECEMBER 31, 2012: Non-represented employees whose hire date as a full-time employee is August 16, 2010 through December 31, 2012 will be covered under the 2% at 60 formula with the benefits specified below.
<table>
<thead>
<tr>
<th>Description</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>2% at 60 Formula</td>
<td>21353</td>
</tr>
<tr>
<td>Three Highest Years Average Compensation</td>
<td>20037</td>
</tr>
<tr>
<td>Pre-Retirement Optional Settlement 2 Death Benefit</td>
<td>21548</td>
</tr>
<tr>
<td>Service Credit for Unused Sick Leave</td>
<td>20965</td>
</tr>
<tr>
<td>2% Cost-of-Living</td>
<td>21329</td>
</tr>
<tr>
<td>Fourth Level of 1959 Survivor Benefit</td>
<td>21574</td>
</tr>
<tr>
<td>Public Service Credit for Periods of Layoff</td>
<td>21022</td>
</tr>
<tr>
<td>Public Service for Peace Corps or America Corps: VISTA Service</td>
<td>21023.5</td>
</tr>
<tr>
<td>Military Service Credit as Public Service</td>
<td>21024</td>
</tr>
<tr>
<td>Public Service Credit for Service Rendered to a Non-Profit Corporation</td>
<td>21026</td>
</tr>
<tr>
<td>Military Service Credit for Retired Persons</td>
<td>21027</td>
</tr>
<tr>
<td>Local System Service Credit included in Basic Death Benefit</td>
<td>21536</td>
</tr>
<tr>
<td>Cancellation of Payments for Service Credit Purchase upon Industrial Disability Retirement</td>
<td>21037</td>
</tr>
</tbody>
</table>

7% EMPLOYEE CONTRIBUTION. Non-represented employees agree to share the cost of their retirement benefit on a pre-tax basis by paying the full 7% employee contribution. It is the intent of the parties to accommodate employees’ desire that said sums be deducted on a pre-tax basis as deferred income for federal and state tax purposes. The parties believe the contribution may be deducted on a pre-tax because the City has filed the CalPERS IRS Code Section 414(h)(2) resolution. However, any income tax obligations or penalties arising from such tax treatment shall be the exclusive responsibility of the employee. The City shall not be responsible for any adverse tax treatment for the employees. The City has made no representation regarding such tax treatment and employees shall seek such advice from their personal tax advisors regarding such matters.

CITY CONTRIBUTION. The City agrees to pay the employer contribution to CalPERS.

NEW MEMBERS AND NEW EMPLOYEES UNDER PEPRA:

NEW MEMBERS DEFINED BY CALIFORNIA PUBLIC EMPLOYEES’ PENSION REFORM
**ACT OF 2013 (HEREINAFTER REFERRED TO AS PEPRA).** New Members are defined by PEPRA as an employee who becomes a member of a public retirement system for the first time on or after January 1, 2013 and:

A. Was not a member of a public retirement system before January 1, 2013; or

B. Was a member of a public retirement system before January 1, 2013 that is not subject to reciprocity with CalPERS; or

C. Alternatively, anyone who was an active member of a retirement system, has a break in service of six (6) months or more, and returns to active membership in the same system with a new employer.

**NEW EMPLOYEES DEFINED BY PEPRA.** New Employees are defined by PEPRA as an individual hired on or after January 1, 2013 and:

A. Never worked in the public sector before January 1, 2013; or

B. Worked in the public sector before January 1, 2013, but worked for an employer with a retirement plan that did not have reciprocity with CalPERS.

New Members and New Employees will be covered under the 2% at 62 formula with the benefits specified below.

<table>
<thead>
<tr>
<th>Provision</th>
<th>Government Code Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>2% at 62</td>
<td>7522.20 (a)</td>
</tr>
<tr>
<td>Three Highest Years Average Compensation</td>
<td>7522.32</td>
</tr>
</tbody>
</table>

**EMPLOYEE CONTRIBUTION.** PEPRA (Government Code Section 7522.30) states “Equal sharing of normal costs between public employers and public employees shall be the standard.” The standard shall be that employees pay at least 50% of normal costs and that employer’s not pay any of the required employee contribution.

The “normal cost rate” shall mean the annual actuarially determined normal cost for the employer’s defined benefit plan expressed as a percentage of payroll.
New Members and New Employees shall pay 50% of the normal cost adjusted annually in accordance with the CalPERS actuarial valuation for the City of Fountain Valley 2% at 62 plan. Any change to the New Member and New Employee contribution rate will become effective the first payroll period closest to July 1 of the appropriate year.

Upon receipt of the annual actuarial valuation from CalPERS for the 2% at 62 plan, the Personnel Department will forward a copy to the Association specifying the New Member and New Employee contribution rate for the upcoming period. This process shall serve as the meet and confer process for any increase in the employee contribution rate. The Association may request to meet with the City if the New Member and New Employee contribution rate increases.

**CITY CONTRIBUTION.** The City agrees to pay the employer contribution to CalPERS.

**CLASSIC/LEGACY EMPLOYEES UNDER THE CALIFORNIA EMPLOYEES’ PENSION REFORM ACT OF 2013:** An individual hired on or after January 1, 2013 who was employed by any public employer before January 1, 2013 and who does not meet the definition of “New Member” or “New Employee” under the PEPRA will be designated as a Classic/Legacy Employee. Classic/Legacy Employees are defined as those individuals who are:

A. Working for an employer providing CalPERS retirement benefits who begins employment with the City of Fountain Valley without a break in service or a break in service of less than six (6) months; or

B. Current member of a public retirement system or plan with reciprocity with CalPERS.

Classic/Legacy members will be covered under the 2% at 60 formula with the benefits specified below.

<table>
<thead>
<tr>
<th>Provision</th>
<th>Government Code</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7% EMPLOYEE CONTRIBUTION. Employees agree to share the cost of retirement contribution on a pre-tax basis by paying the full 7% employee contribution. It is the intent of the parties to accommodate employees' desire that said sums be deducted on a pre-tax basis as deferred income for federal and state tax purposes. The parties believe the contribution is pre-taxable because the City has filed the CalPERS IRS Code Section 414(h)(2) resolution. However, any income tax obligations or penalties arising from such tax treatment shall be the exclusive responsibility of the employee. The City shall not be responsible for any adverse tax treatment for the employees. The City has made no representation regarding such tax treatment and employees shall seek such advice from their personal tax advisors regarding such matters.

CITY CONTRIBUTION. The City agrees to pay the employer contribution to CalPERS.

SECTION 8 – HEALTH AND OTHER INSURANCE.

GROUP MEDICAL AND DENTAL INSURANCE FOR EMPLOYEES HIRED AUGUST
**15, 2010 AND EARLIER.** The City contracts with the California Public Employees’ Retirement System’s Public Employees’ Medical and Hospital Care Act (PEMHCA) for medical insurance for City employees. The payment of premiums towards group medical/dental/life insurance will be through the administration of a cafeteria plan.

The City shall pay the CalPERS statutory minimum employer contribution specified in Section 22892 of the Public Employees’ Medical and Hospital Care Act. In addition to the CalPERS statutory minimum employer contribution, the City shall make contributions to a flexible benefits plan as noted herein.

**EMPLOYEES DEFINED.**

A. **Tier 1 employees** are defined as those individuals employed in a full-time position with the City of Fountain Valley beginning August 15, 2009 and earlier.

B. **Tier 2 employees** are defined as those individuals employed in a full-time position with the City of Fountain Valley beginning August 16, 2009 through August 15, 2010.

**TIER 1 AND 2 EMPLOYEES CITY CONTRIBUTION.** The City contribution for Tier 1 and 2 employees is as follows:

<table>
<thead>
<tr>
<th>Flex Dollar Allowance</th>
<th>Flex Dollars</th>
<th>Longevity Health Stipend</th>
<th>Total Flex Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electing <strong>Employee Only</strong> coverage</td>
<td>$525.00</td>
<td>$1,042.94</td>
<td>$1,567.94</td>
</tr>
<tr>
<td>Electing <strong>Employee +1 Dependent</strong> coverage</td>
<td>$1,025.00</td>
<td>$542.94</td>
<td>$1,567.94</td>
</tr>
<tr>
<td>Electing <strong>Employee + Family</strong> coverage</td>
<td>$1,300.00</td>
<td>$267.94</td>
<td>$1,567.94</td>
</tr>
</tbody>
</table>

The amount identified as flex dollars is inclusive of the CalPERS statutory minimum required by PEMHCA under Government Code § 22892. For example, for 2017, employees electing Employee Only coverage shall receive $525 - $128.00 for the CalPERS statutory minimum and an additional $397 in flex dollars.

Non-represented employees who elect not to be covered under the medical plan provided through the cafeteria plan shall receive the equivalent of the CalPERS statutory minimum
as cash wages. However, the employee will be required to pay for dental and life insurance premiums, both of which are mandatorily deducted out of the waiver of premium contribution (CalPERS statutory minimum).

**SEPARATION THEN RETURN TO CITY SERVICE.** If an employee separates employment and later returns to employment with the City of Fountain Valley, the date the employee returned to employment will become the employee’s new hire date and the employee will be considered a Tier 3 employee and only eligible for Tier 3 benefits.

**GROUP MEDICAL AND DENTAL INSURANCE FOR EMPLOYEES HIRED AUGUST 16, 2010 AND LATER.**

Tier 3 employees (new hires) are defined as those individuals employed in a full-time position with the City of Fountain Valley beginning August 16, 2010 and later.

**Tier 3 City Contribution.** The City contribution for Tier 3 employees is as follows:

<table>
<thead>
<tr>
<th>Flex Dollar Allowance</th>
<th>Flex Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electing Employee Only coverage</td>
<td>$525.00</td>
</tr>
<tr>
<td>Electing Employee +1 Dependent coverage</td>
<td>$1,025.00</td>
</tr>
<tr>
<td>Electing Employee + Family coverage</td>
<td>$1,300.00</td>
</tr>
</tbody>
</table>

Effective the beginning of the pay period following City Council approval of the resolution, the Tier 3 contribution is:

<table>
<thead>
<tr>
<th>Flex Dollar Allowance</th>
<th>Flex Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electing Employee Only coverage</td>
<td>$575.00</td>
</tr>
<tr>
<td>Electing Employee +1 Dependent coverage</td>
<td>$1,075.00</td>
</tr>
<tr>
<td>Electing Employee + Family coverage</td>
<td>$1,350.00</td>
</tr>
</tbody>
</table>

Effective the first pay period in July 2018, the Tier 3 contribution is:

<table>
<thead>
<tr>
<th>Flex Dollar Allowance</th>
<th>Flex Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electing Employee Only coverage</td>
<td>$625.00</td>
</tr>
<tr>
<td>Electing Employee +1 Dependent coverage</td>
<td>$1,125.00</td>
</tr>
<tr>
<td>Electing Employee + Family coverage</td>
<td>$1,400.00</td>
</tr>
</tbody>
</table>
Effective the first pay period in July 2019, the Tier 3 contribution is:

<table>
<thead>
<tr>
<th>Flex Dollar Allowance</th>
<th>Flex Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electing Employee Only coverage</td>
<td>$675.00</td>
</tr>
<tr>
<td>Electing Employee +1 Dependent coverage</td>
<td>$1,175.00</td>
</tr>
<tr>
<td>Electing Employee + Family coverage</td>
<td>$1,450.00</td>
</tr>
</tbody>
</table>

Tier 3 employees do not qualify for the longevity health stipend.

**CAFETERIA PLAN.** The provisions of the Cafeteria Plan are described below.

**BENEFITS PROVIDED THROUGH THE CAFETERIA PLAN.** Effective January 1, 2011, the insurance benefits provided for in this article will be provided through the provision of a cafeteria plan adopted in accordance with the provisions of Internal Revenue Code §125: medical and dental.

Each month the City will contribute to the cafeteria plan flex dollars for Tier 1, Tier 2 and Tier 3 employees as specified. In addition, the City will contribute a longevity health stipend for Tier 1 and 2 employees as specified. The City’s flex dollar contribution includes the CalPERS statutory minimum paid by the City.

Prior to January 1, 2011, dependent dental premiums were fully employee paid. However, due to the provisions of the cafeteria plan, dependent dental premiums are to be deducted from the flex dollars for Tier 1 and Tier 2 employees. Upon retirement, retirees are not covered by a cafeteria plan; therefore, dependent dental premiums will be fully retiree paid if coverage is elected. Nothing in these provisions require City contributions towards dependent dental premiums.

**THE PURCHASE OF OPTIONAL BENEFITS THROUGH THE CAFETERIA PLAN.** The cafeteria plan offers non-represented employees the opportunity to purchase AFLAC and vision insurance. Eligible employees may select from any of the medical insurance plans offered by CalPERS. If CalPERS changes any of the medical insurance plans by either adding or deleting the plan options, employees will be limited to those plan options offered by CalPERS.
Non-represented employees may also elect any of the optional AFLAC insurance options the City offers to employees at the employee’s sole cost.

Non-represented employees may designate flex dollars, available after deductions for premiums for elected benefit options, towards the employee’s deferred compensation plan.

Dental and life insurance are not optional benefits and such premiums will be deducted from each employee’s cafeteria plan flex dollars or waiver of premium contribution.

In order to opt out of the City’s medical coverage, employees will be required to maintain and provide proof of group health plan coverage through an alternative source and the alternative group health plan coverage must meet the Affordable Care Act’s requirements regarding affordability and minimum value.

**EMPLOYEE CONTRIBUTIONS FOR BENEFIT OPTIONS.** If a non-represented employee chooses optional benefits whose aggregate cost exceeds the total flex dollar City contribution to the cafeteria plan, the City will automatically deduct the excess amount on a pre-tax basis, if applicable, from the employee’s bi-weekly pay.

**THE RECEIPT OF CASH THROUGH THE CAFETERIA PLAN.** Non-represented employees will be eligible to receive cash (subject to taxation as wages) through the cafeteria plan if they either opt out of receiving medical insurance or if they choose optional benefits that do not cost as much as the flex dollars provided by the City towards the cafeteria plan. Any such employee shall be eligible to receive in cash the difference between the City’s monthly cafeteria plan flex dollar contribution and the total of the premiums selected up to a maximum of $350 per month. Employees covered by this resolution who are receiving cash through the cafeteria plan in excess of $350 as of January 1, 2018 are grandfathered to continue to receive cash in excess of $350 per month until they are no longer members of the Individually Represented Professional/Technical Unit covered by this resolution, or the receipt of cash falls below
$350. If medical is declined, the employee will receive in cash the CalPERS statutory minimum minus the required dental and life insurance premiums.

In order to opt out of the City’s medical coverage, employees will be required to maintain and provide proof of group health plan coverage through an alternative source and the alternative group health plan coverage must meet the Affordable Care Act’s requirements regarding affordability and minimum value.

**TERM LIFE INSURANCE.** The amount of term life insurance for each non-represented employee shall be equivalent to the employee’s annual salary, rounded upward to the nearest thousand dollar increment, with a maximum policy amount of $30,000 per employee.

**LONG-TERM DISABILITY.** The City shall maintain and pay full premiums for a long-term disability insurance policy for all non-represented employees. The purpose of long-term disability insurance is to ensure that non-represented employees will have a source of income if they are disabled from performing their regular duties for a period longer than sixty (60) calendar days.

**ELIGIBILITY.** A non-represented employee’s eligibility for long-term disability benefits depends on whether the non-represented employee's disability is industrial or non-industrial in nature. If the disability is industrially related, the non-represented employee's eligibility for long-term disability benefits begins on the sixty-first (61st) calendar day of continuous absence from work. If the employee's disability is not industrially related, the non-represented employee's eligibility begins either on the sixty-first (61st) calendar day of the non-represented employee's absence from work, or upon expiration of the non-represented employee's sick leave, whichever period is longer.

In addition, the eligible non-represented employee must meet the insurance carrier’s definition of disability prior to eligibility to receive benefits.
BENEFITS. A non-represented employee who is eligible to receive long-term disability benefits will receive 66 2/3% of their basic monthly earnings or a maximum monthly benefit of $5,000 as of the date the non-represented employee’s disability began, less any deductible benefits, as provided for in the long-term disability policy.

A non-represented employee who is receiving long-term disability benefits is considered to be in an off-payroll status and will not accrue benefits during the time that he/she is in such status. In addition, employees who are in an off-payroll status while receiving long-term disability benefits are responsible for maintaining group medical insurance coverage and for paying the premiums therefore.

The City reserves the right to self-insure any or all long-term disability benefits, provided that there shall be no change to existing eligibility requirements or coverage.

FLEXIBLE SPENDING ACCOUNTS. The City shall provide a voluntary Flexible Spending Plan (Section 125 Plan under the Internal Revenue Code) to non-represented employees. Enrollment in the plan allows employees to pay for out-of-pocket Health Care and Dependent Care costs with pre-tax dollars.

<table>
<thead>
<tr>
<th>Maximum Annual Deduction for Health Care</th>
<th>Maximum Annual Deduction for Dependent Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,500</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

At enrollment and annually thereafter, participants must designate the Flexible Spending Account election amount for the remainder of the year for new hires and for the next year for current employees. The annual amount is deducted from the employee’s paycheck in equal installments, on a pre-tax basis, and credited to the employee’s Flexible Spending Account. Reimbursement will be paid directly by a third party administrator.

Federal law prohibits any change in a Flexible Spending Account during the calendar year unless the employee or his/her dependent(s) have a qualifying “life event.” A qualifying “life event” is marriage, divorce or legal separation, birth or adoption of a dependent, death of a dependent, or a change in the employee or employee’s spouse’s employment status.
The change in the Flexible Spending Account must be due to and consistent with the “life event” which permits the change.

An annual open enrollment period will be provided for the upcoming year’s program. Non-represented employees must affirmatively enroll in the Flexible Spending Account for each year. There is no automatic renewal.

When estimating annual expenses, non-represented employees are cautioned to only consider those expenses he/she is reasonably certain he/she will incur. Any amount left in a non-represented employee’s Flexible Spending Account at the end of the year is forfeited.

Deductions for Flexible Spending Accounts shall not reduce earnable compensation for purposes of calculating benefits or contributions for the California Public Employees’ Retirement System.

The City maintains the right to select and change, if needed, the vendor to administer the Flexible Spending Account program.

**VOLUNTARY VISION PROGRAM.** Effective January 2, 2016, the City will offer a voluntary vision care plan as one of the health programs offered under the City’s cafeteria plan.

The City intends to offer the vision program through Vision Service Plan (VSP). The City reserves the right to change vision insurance providers if necessary and if so, will provide similar benefits with the new provider. Enrollment in the vision program is voluntary with premiums paid by the employee from January 2, 2016 through December 31, 2016.

Effective with the payroll period ending January 13, 2017, the City will pay the employee only premium for the voluntary vision program. If the employee chooses to add dependents to the plan, dependent premiums shall be paid by the employee.
SECTION 9 - MEDICAL AND DENTAL INSURANCE FOR RETIREES. The City shall provide group medical/dental insurance to non-represented employees who retire from the City meeting the criteria and subject to the conditions and limitations noted below. The City contracts with the California Public Employees’ Retirement System’s Public Employee’s Medical and Hospital Care Act (PEMHCA) for medical insurance for City employees and retirees. Benefits are grouped in tiers based upon hire date and years of continuous City service.

RETIREE MEDICAL TIERS AND CONTRIBUTIONS.

A. Tier 1 Employee. The Tier 1 category is not applicable to non-represented employees based upon their hire date.

B. Tier 2 Employee. Tier 2 employees are defined as those individuals hired as an employee with the City of Fountain Valley August 16, 2009 through August 15, 2010.

C. Tier 3 Employees. Tier 3 employees are defined as those individuals hired as an employee with the City of Fountain Valley August 16, 2010 and later:

BENEFITS FOR TIER 2 AND 3:

<table>
<thead>
<tr>
<th>TIER 2 (SERVICE AND DISABILITY RETIRED EMPLOYEES)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HIRE DATE:</strong> August 16, 2009 through August 15, 2010.</td>
</tr>
</tbody>
</table>

**ELIGIBILITY CRITERIA:**

A. Is at least 50 years of age;
B. Has been employed by the City for at least 5 years;
C. Is a vested member of CalPERS;
D. Has applied for and received a service retirement from CalPERS;
E. Effective date of retirement occurred no earlier than October 1, 1980;
F. Must retire directly from active duty and must maintain continuous coverage both prior to and subsequent to their retirement;
G. Any lapse in coverage will make the employee ineligible for participation in the dental plan.

**DISABILITY RETIRED EMPLOYEE:**
A. Has received a disability retirement from CalPERS.
B. Whose injury or illness constitutes a total disability, as defined by CalPERS.

**NOT ELIGIBLE FOR LIFE OR VISION INSURANCE:**
Retired employees shall not be eligible for life or vision insurance coverage.

**RETIREE CONTRIBUTION:**
**MEDICAL:** The employee enrolls at their own expense for medical insurance. Only while participating in the CalPERS medical plan will the City pay the minimum employer contribution specified in Section 22892 of the Public Employees' Medical and Hospital Care Act (PEMHCRA) to CalPERS.
**MEDICARE:** The retiree is responsible for paying for all Medicare premiums.
**DENTAL:** The employee enrolls at their own expense for dental insurance. If dental coverage is elected, dental coverage will cease upon the retiree or qualified dependent reaching age 65, at which time, he/she may elect COBRA to continue coverage for 18 months or may elect to terminate dental coverage. The retiree will be required to pay the full premium plus the 2% administrative fee. Failure to pay premiums will result in loss of coverage. The employee is not eligible for any contribution from the City towards continued dental insurance upon retirement.

**TIER 3 (SERVICE AND DISABILITY RETIRED EMPLOYEES)**

<table>
<thead>
<tr>
<th>HIRE DATE:</th>
<th>August 16, 2010 and later.</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEARS OF SERVICE:</td>
<td>Not applicable.</td>
</tr>
</tbody>
</table>

**ELIGIBILITY CRITERIA:**
A. Is at least 50 years of age;
B. Has been employed by the City for at least 5 years;
C. Is a vested member of CalPERS;
D. Has applied for and received a service retirement from CalPERS;
E. Effective date of retirement occurred no earlier than October 1, 1980;
F. Must retire directly from active duty and must maintain continuous coverage both prior
to and subsequent to their retirement;

G. Any lapse in coverage will make the employee ineligible for participation in the dental plan.

**DISABILITY RETIRED EMPLOYEE:**

A. Has received a disability retirement from CalPERS.

B. Whose injury or illness constitutes a total disability, as defined by CalPERS.

**NOT ELIGIBLE FOR LIFE OR VISION INSURANCE:**

Retired employees shall not be eligible for life or vision insurance coverage.

**RETIREE CONTRIBUTION:**

**MEDICAL:** The employee enrolls at their own expense for medical insurance. Only while participating in the CalPERS medical plan will the City pay the minimum employer contribution specified in Section 22892 of the Public Employees' Medical and Hospital Care Act (PEMHCA) to CalPERS.

**MEDICARE:** The retiree is responsible for paying for all Medicare premiums.

**DENTAL.** The employee enrolls at their own expense for dental insurance. Dental coverage will end at retirement. Dental coverage eligibility will be extended through COBRA continuation of coverage for a maximum of 18 months. Extension of coverage may apply in accordance with COBRA regulations; however, unless the retiree meets these COBRA provisions, the maximum coverage period for dental upon retirement is 18 months. To maintain coverage, the full premium plus a 2% administrative fee is payable by the retiree. Failure to pay premiums will result in loss of coverage. The employee is not eligible for any contribution from the City towards continued dental insurance upon retirement.

**SEPARATION THEN RETURN TO CITY SERVICE.** If a non-represented employee separates employment and later returns to employment with the City of Fountain Valley, the date the employee returned to employment will become the employee’s new hire date. The employee will be considered a new hire and will only eligible for Tier 3 employee benefits.
SECTION 10 – HOLIDAYS. Non-represented employees shall be entitled to eleven (11) paid holidays per calendar year. The eleven (11) paid holidays to which employees are entitled are:

- New Year’s Day
- Washington’s Birthday
- Lincoln’s Birthday
- Memorial Day
- Independence Day
- Labor Day
- Veterans’ Day
- Thanksgiving and the day after Thanksgiving
- Christmas
- “Floating Holiday”

The exact date upon which each of the above holidays will be observed and during which City Hall will be closed shall be set by Administrative Regulation each year.

FLOATING HOLIDAY. The “floating holiday” may be taken at any time during the year, subject to approval of the non-represented employee’s Department Director. The “floating holiday” must be used during the calendar year, and may not be carried over from one year to the next.

HOLIDAY CLOSURE. City Hall and the City Yard will close during the week between Christmas and New Year’s Day of each year. The City’s observed holidays, which fall on a regularly scheduled Friday flex day, will be deferred and taken during the holiday closure. The employee will use sufficient hours of applicable leave time to supplement each 8-hour holiday, the total of which will equal the regular work day. If there are not sufficient holidays to cover the entire period, the employee will be required to use accrued vacation or administrative leave to cover their time during the closure.

SECTION 11 - VACATION ACCRUAL. Non-represented employees who work a forty (40) hour week shall accrue vacation time at the following rates:

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Hours Per Year</th>
<th>Hours Per Payroll Period</th>
</tr>
</thead>
</table>

- 23 -
Up to 1 year  |  80  |  3.08  
2-4        |  120 |  4.62  
5-11       |  152 |  5.85  
12-14      |  176 |  6.77  
15+        |  200 |  7.69  

The accrual rate changes when the employee is beginning the new year of service. For example, when a non-represented employee has completed his/her 11th year of service, and is beginning his/her 12th year of service, his/her accrual will increase from 152 hours to 176 hours per year.

**Maximum Accrual:**

<table>
<thead>
<tr>
<th>City Service</th>
<th>Maximum Accrual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees with less than 14 years of City service</td>
<td>240 hours</td>
</tr>
<tr>
<td>Employees with 15 or more years of City service</td>
<td>280 hours</td>
</tr>
</tbody>
</table>

Non-represented employees are responsible for maintaining their vacation accrual below the applicable maximum accrual noted above and may reduce their accrual levels by participating in the annual vacation payoff program specified in Section 10.03.

Professional/Technical employees shall not be eligible to take vacation time until they have successfully completed six (6) months of continuous service with the City.

**ANNUAL VACATION PAYOFF.** Non-represented employees shall have the option of receiving one cash payment each year for accrued vacation up to a maximum of eighty (80) hours if the following criteria are met:

A. A minimum of forty (40) total hours of vacation have been used during the calendar year.

B. A minimum of twenty (20) hours of vacation remains in the employee’s vacation accrual bank after payoff.
If the aforementioned criteria have been met, non-represented employees may request a cash payment of eighty (80) hours maximum to be included in the paycheck issued within the first payroll period in December.

To request a vacation payoff, the employee must submit an irrevocable election form specifying the number of hours the employee is requesting which must be received in the Human Resources Department before December 31\textsuperscript{st} of the year prior to the payoff. For example, to receive a payout in 2018, an employee must submit a completed irrevocable election form to Human Resources before December 31\textsuperscript{st}, 2107. If during the 2018 calendar year, the employee meets the criteria specified herein to be eligible for vacation payoff, he/she will receive the requested payoff. If the employee does not submit the irrevocable election form within the required timeline or he/she does not meet the criteria for payoff, no payoff will be given.

**SECTION 12 - SICK LEAVE.** Sick leave shall accrue according to regular work schedule. Non-represented employees working a 9/80 schedule shall accrue sick leave at the rate of 3.69 hours per biweekly pay period (one (1), eight (8) hour day per month).

In accordance with California Labor Code section 245 et seq., should a non-represented employee separate from employment with the City of Fountain Valley, and then return to City employment within one (1) year from the date of separation, the employee’s accrued, unused sick leave hours at the time of separation after any sick leave payoff if any, shall be reinstated upon re-hire.

**Sick Leave Usage.** The first three (3) days or work hours equivalent (e.g. 30 hours for employees on a 4/10 schedule) of paid sick leave taken each 12 month period will be considered sick leave used pursuant to the Healthy Workplaces, Healthy Families Act of 2014 (California Labor Code sections 245-249). The 12 month period is July 1 through June 30 for employees hired prior to July 1, 2015. For employees hired on or after July 1,
2015, the 12 month period is the 12 month period beginning on the employee’s hire date, until the following July 1, at which point the employee’s 12 month period will change to July 1 - June 30.

1. Employees can use sick leave for themselves for preventive care (such as physical exams) or care of an existing health condition;

2. Employees can use up to a maximum of one-half of one year’s annual accrued sick leave (e.g. 60 hours for employees on a 4/10 work schedule) per year for the diagnosis, care, or treatment of an existing health condition of, or preventive care for, an employee’s child, parent, spouse or registered domestic partner. The first three days (or work hours equivalent) of sick leave an employee uses in a 12 month period can also be used for the diagnosis, care, or treatment of an existing health condition of, or preventive care for, an employee's sibling, parents-in-law, grandparent or grandchild. Sick leave usage for family illness is separate from Family Care and Medical Leave, the provisions of which are included in Administrative Regulation No. 1050; however, sick leave usage for family illness may run concurrently with Family Care and Medical Leave; or

3. Employees can use sick leave for specified purposes if they are victims of domestic violence, sexual assault or stalking as set forth in California Labor Code section 230(f) and 230.1(a).

After an employee has used three sick leave days (or work hours equivalent) in a 12 month period, the use of sick leave shall be subject to the approval of the Division Manager or Department Director who may request a physician’s statement or other documentation substantiating the illness at any time and may require a release to duty before allowing a non-represented employee to return to duty. Non-represented employees will be required to use accrued sick leave prior to requesting a leave of absence without pay.

**SICK LEAVE PAYOFF.** Upon completion of ten (10) years of continuous service with the City, the non-represented employee who separates from the City due to retirement or the
death of the employee shall be paid for 25% of the accrued, unused sick leave balance at the time of retirement or death, up to a maximum of $10,000.

Non-represented employees that resign shall be paid for 25% of the accrued, unused sick leave balance at the time of separation, up to a maximum of $6,000.

Non-represented employees terminated for cause are ineligible for any payoff of unused sick leave.

A retiring non-represented employee may, however, elect to forego his/her sick leave payoff so all his/her sick leave accrual at the time of retirement is credited toward CalPERS service credit as specified below. A non-represented employee electing to forego his/her sick leave payoff must submit a written election to the Personnel Department prior to retirement.

**RETIREMENT CREDIT FOR UNUSED SICK LEAVE.** Pursuant to Government Code Section 20862.8 and the City's contract with CalPERS, the non-represented employee who retires from the City may receive service credit towards his/her retirement for all accrued, unused sick leave for which they do not receive compensation. This provision shall apply to the non-represented employee whose effective date of retirement is within four months of separation from employment with the City. Contributions to the California Public Employees' Retirement system shall not be made on any payoff for accrued, unused sick leave.

**SECTION 13 - BEREAVEMENT LEAVE.** Non-represented employees shall be entitled to a maximum of three (3) working days absence with pay, as bereavement leave, when they are compelled to be absent from duty by reason of death of an immediate family member, or in the event of critical illness where death appears to be imminent.

For purposes of bereavement leave, "immediate family member" refers to spouse, registered domestic partner, child, step-child, grandchild, brother, sister, parent, step-parents, mother-in-law, father-in-law, grandparents, or legal guardian.
SECTION 14 - INDUSTRIAL INJURY LEAVE. Non-represented employees who sustain injuries or illnesses arising out of their employment or in the course of their employment shall be entitled to a maximum of 90 calendar days of industrial injury leave at full salary and benefits, in lieu of temporary disability benefits. Non-represented employees who are absent from work for longer than 90 calendar days due to industrial illness or injury will receive those benefits provided for in the workers’ compensation law, as well as, any long-term disability benefits to which they may be entitled. Non-represented employees will also be permitted, after exhaustion of the 90 days industrial injury leave, to use accrued sick leave to supplement their workers’ compensation benefits. In no case will a non-represented employee be permitted to receive more than their regular pay.

SECTION 15 – ADMINISTRATIVE LEAVE. Non-represented employees are classified as exempt in accordance with the Fair Labor Standards Act and not eligible for overtime. Non-represented employees will, however, be eligible for Administrative Leave in consideration for extra hours worked based upon the following tiers based on hire date:

**Tier 1: Employed Prior to August 16, 2010.** This tier is not applicable to the non-represented employees due to their hire date.

**Tier 2: Employed Prior to August 16, 2010 Represented by Another Bargaining Group Then Promoted to a Non-Represented Professional/Technical Classification.** Non-represented employees in Tier 2 shall be eligible for 80 hours of Administrative Leave per calendar year. At the beginning of the calendar year, non-represented employees in Tier 2 shall be credited with 80 hours of Administrative Leave. Tier 2 employees, subject to the approval of the Department Director or Division Manager, shall be eligible to use up to one (1) work day of Administrative Leave per month until the employee’s Administrative Leave bank is exhausted. Administrative Leave may be denied if the Department Director or Division Manager determines the non-represented employee is not working additional hours in excess of 40 hours per week, attending after hour meetings, etc. Administrative Leave which is not taken is forfeited and may not be carried over into the next calendar year.
year. Any such leave remaining at separation is forfeited and has no cash value. Administrative Leave will be pro-rated on a monthly basis for newly promoted Tier 2 employees if hired after January 1st.

**Tier 3: Hired by the City Beginning August 16, 2010 and Later.** Non-represented employees in Tier 3 shall be eligible for 48 hours of Administrative Leave per calendar year. At the beginning of the calendar year, employees in Tier 3 shall be credited with 48 hours of Administrative Leave. Tier 3 employees, subject to the approval of the Department Director or Division Manager, shall be eligible to use up to one work day of Administrative Leave per month until the employee’s Administrative Leave bank is exhausted. Administrative Leave may be denied if the Department Director or Division Manager determines the non-represented employee is not working additional hours in excess of 40 hours per week, attending after hour meetings, etc. Administrative Leave which is not taken is forfeited and may not be carried over into the next calendar year. Any such leave remaining at separation is forfeited and has no cash value. Administrative Leave will be pro-rated on a monthly basis for newly promoted Tier 2 employees if hired after January 1st.

The City Manager, upon receiving a recommendation from a department head, may approve Administrative Leave hours above 48 hours up to a maximum of 80 hours for a Tier three employee when the employee demonstrates that he/she is regularly working additional hours in excess of his/her regular work schedule. Recommendations from the department heads must be received prior to December 31st of each year for the subsequent calendar year.

**SECTION 16 – TUITION REIMBURSEMENT PROGRAM.** The City will set aside some money each fiscal year for tuition reimbursement for non-represented employees. Funds will be distributed on a first come, first served basis. However, to ensure all employees have an opportunity to receive reimbursement, the Human Resources Director
may approve a reimbursement request for a first time requester prior to another requester who has previously received reimbursement and submitted their request prior to the first time requester.

Employees shall be encouraged to further their academic education and training in those areas of benefit to the employee and to the City.

**Reimbursable Coursework:**
Reimbursable courses must be coursework taken towards obtaining a Bachelor’s or Master’s Degree and related to:

1. The employee’s current occupation;
2. A City classification to which the employee may reasonably expect promotion; or
3. Required for the completion of the pre-approved job-related major.

Coursework must be completed at an accredited college or university in order to be eligible for reimbursement. Accredited colleges or universities are those accredited by Western Association of Schools and Colleges (WASC, www.wscuc.org), Council for Higher Education Accreditation (CHEA, [www.chea.org](http://www.chea.org)), or pre-approved by the Human Resources Director or his/her designee.

Completing coursework on-line or studying for such courses may not be completed on City time. No coursework beyond those for a Master’s Degree or any law school coursework is eligible for reimbursement. Courses that duplicate previously taken courses are not eligible for reimbursement.

**Provisions for Tuition Reimbursement:**
Full-time employees who have completed and passed their probationary period will be eligible for reimbursement of tuition by the City for courses subject to the following conditions:
1. Human Resources Director approval of the “Tuition Reimbursement Program Application” form to be eligible for reimbursement.

2. The employee has achieved a letter grade of “C” or higher for undergraduate courses and “B” or higher for graduate courses. In cases where no letter grade is given, a certificate of completion or written proof that the college course work was completed in a satisfactory manner.

3. The maximum reimbursement amount shall be based on the tuition and mandatory campus based fees for California State University at Fullerton for the applicable semester plus a maximum of $150 for books per course. Parking fees will not be reimbursed and are to be to be paid by the employee. Reimbursement will be paid upon receipt by the Human Resources Department of proof of successful completion of the course(s) and proof that payment of fees has been made.

4. The City has set up procedures that allow for expedient reimbursement for classes taken and fees paid. Employees may request reimbursement within 60 calendar days of receipt of the college or university issuing grades for the course. Failure to request reimbursement within the timeline prescribed and/or classes taken in excess of the allowable reimbursement level cannot be carried over to a future year reimbursement period.

An employee who registers for a class and pays for the appropriate fees without prior Human Resources Director approval of the “Tuition Reimbursement Program Application” form or does not meet the timeline as specified herein, is not eligible for any reimbursement from the City.

**Reimbursement Process and Timeline for Completion:**

Employees shall submit a request for Tuition Reimbursement form to the Human Resources Director a minimum of thirty (30) work days prior to the scheduled program start
date and obtain written approval from the Human Resources Director before the employee is eligible for reimbursement. Any coursework not related to the following will be denied:

1. Coursework not applicable towards obtaining a Bachelor’s or Master’s Degree;
2. The employee’s current occupation;
3. A City classification to which the employee may reasonably expect promotion; or
4. Required for the completion of the pre-approved job-related major.

Upon completion of the approved program, a completed “Tuition Reimbursement Form” must be submitted to the Human Resources Director within 60 calendar days of receipt of the college or university issuing grades for the course with the following attachments:

1. A bona fide certification of fees paid and grade achieved (must be a “C” or higher for undergraduate courses and “B” or higher for graduate courses) from the attendant institution. In cases where no letter grade is given, a certificate of completion or written proof that the college course work was completed in a satisfactory manner.

2. Receipt for eligible expenses the employee is seeking reimbursement.

Failure to submit the required documentation within the established timeline will disqualify the employee from receiving tuition reimbursement for the course.

If the employee receives tuition payments or other subsidies from other sources, the City will contribute the difference between the amount the employee is receiving from other sources and the eligible costs up to the maximum City tuition reimbursement. In no case may the employee receive full reimbursement for the same coursework from the City and other sources.

Funds received from any outside sources for the same purpose, such as a scholarship, grant or Veteran’s Educational Benefits must be applied toward the tuition/fees before the
City’s tuition reimbursement plan shall apply.

The education/tuition reimbursement may be a taxable benefit depending upon the provisions of the Internal Revenue Code. The individual employee will be responsible for any tax liability. The education/tuition reimbursement is not subject to CalPERS contributions nor may not be used in the calculation in the regular rate for overtime purposes.

**SECTION 17 – ILLEGAL/CONTROLLED SUBSTANCE SCREENING.** Non-represented employees acknowledge the City's right to at its discretion to include illegal/controlled non-represented employees hired. "Illegal/Controlled Substance" is defined as a drug, substance, or immediate precursor which are included in Schedules I through V, inclusive of the "California Uniform Controlled Substances Act" (Health and Safety Code Sections 11054-11057), as well as, opiates, narcotic drugs, and marijuana, as defined in Health and Safety Code Sections 11018-11020.

**SECTION 18 – GRIEVANCE PROCEDURE.**

**CITY CLERK ADMINISTRATOR EXCLUSION:** The provisions of Section 18 do not apply to the City Clerk Administrator who is an at-will employee of the City of Fountain Valley with no vested rights to the position and serves at the pleasure of the City Manager and may be terminated without cause in accordance with Title 2 of the City’s Municipal Code. In accordance with Section 2.18.050 of the City’s Municipal Code, the City Clerk Administrator is not entitled to a hearing, statement of charges or due process if terminated.

**GENERAL.** The following grievance procedure is for the purpose of affording non-represented employees a means of obtaining appropriate consideration by supervisory and management personnel of problems within their power to resolve.
SCOPE OF GRIEVANCE PROCEDURE. A grievance may be initiated by any non-represented employee who believes that the application of a policy, practice, rule, or procedure has been incorrect or inappropriate, and has adversely affected his/her employment.

A. The following subjects are excluded from the scope of the grievance procedure:

1. Matters which have other means of appeal within the City, including disciplinary actions.

2. Matters which are within the exclusive jurisdiction of another agency, and for which a means of appeal is provided.

3. Matters pertaining to clarification of any of the provisions of this Memorandum of Understanding are within the scope of the grievance procedure (see Interpretation of MOU section below).

4. Classification content.

FORM. All grievances must be submitted in writing, and must contain the following information:

A. Non-represented employee’s name, title, department, and division.

B. The name of the individual or organization, if any, representing the non-represented employee in the grievance procedure.

C. The date the grievance is being submitted.

D. The nature of the grievance, including a statement of the specific rules, regulations, policies, procedures, ordinances, or resolutions, if any, which are alleged to have been violated, the date the alleged violation occurred, and the specific decision or action which constituted the alleged violation.
E. The facts and/or circumstances which gave rise to the grievance.

F. Any available support documentation or other material which is to be considered in conjunction with the grievance.

G. A statement of the remedy which the non-represented employee is seeking.

INFORMAL DISCUSSION. If a non-represented employee has a problem relating to a work situation, the non-represented employee is encouraged to request a meeting with his/her immediate supervisor to discuss the problem in an effort to clarify the issue and to work cooperatively towards settlement.

FORMAL GRIEVANCE PROCEDURE.

A. Step 1

1. A non-represented employee shall submit a grievance to his/her immediate supervisor within fifteen (15) calendar days of the occurrence giving rise to the grievance, or within fifteen (15) calendar days of the date that the employee became aware of the occurrence giving rise to the grievance. Grievances submitted pursuant to this section shall include a statement of efforts that have been undertaken to resolve the grievance informally.

2. Upon receipt of a formal grievance, the non-represented employee’s supervisor shall make an initial determination as to whether or not he/she has the authority to resolve the grievance. If so, the supervisor shall proceed as outlined in Step 1, No. 3. If the supervisor determines that it is not within his/her authority to resolve the grievance, the grievance shall be forwarded to the appropriate individual within the chain-of-command for consideration and the non-represented employee shall be so notified.
3. Within fifteen (15) calendar days after receipt of a formal grievance, the supervisor to whom the grievance is directed shall meet with the non-represented employee and/or his/her designated representative. Within fifteen (15) calendar days after meeting with the non-represented employee, the supervisor shall forward his/her decision in writing to the non-represented employee.

B. Step 2

1. A formal grievance that has not been satisfactorily resolved at the supervisory level may be submitted to the non-represented employee’s Division Manager or Department Director within fifteen (15) calendar days after receipt of the decision rendered by the appropriate supervisor.

2. Within fifteen (15) calendar days after receiving the grievance, the Division Manager or Department Director shall schedule a meeting with the non-represented employee and/or his/her designated representative. Within fifteen (15) calendar days after meeting with the non-represented employee, the Division Manager or Department Director shall notify the non-represented employee in writing of his/her decision.

APPEAL TO THE CITY MANAGER.

A. Grievances which are not satisfactorily resolved under Step 2, and which meet the conditions set forth below, may be submitted to the City Manager within fifteen (15) calendar days after receipt of the written decision from Step 2.

B. Grievances which meet one or more of the following conditions may be submitted to the City Manager:
1. The grievant alleges an abuse of discretion on the part of the Division Manager or Department Director during the grievance process.

2. The remedy sought is not within the authority of the Division Manager or Department Director to approve or implement.

C. Grievances submitted to the City Manager shall be accompanied by the following information:

1. Copies of the written decisions at Steps 1 and 2.

2. Information indicating how or in what manner the Division Manager or Department Director abused his/her discretion, if an abuse of discretion is alleged.

D. Within fifteen (15) calendar days after receipt of the grievance, the City Manager shall schedule a meeting with the non-represented employee and/or his/her designated representative. The date, time, and location of the meeting shall be acceptable to both parties, and shall be scheduled so as to accommodate those individuals whose presence may be required at the meeting.

E. The City Manager may conduct such activities as are necessary and appropriate to properly resolve the non-represented employee’s grievance.

F. The City Manager shall submit a written response to the non-represented employee within fifteen (15) calendar days after meeting with the non-represented employee, or within fifteen (15) calendar days after completing his/her investigation.

EXTENSION OR WAIVER OF TIME LIMITS. Any of the time limits contained in this grievance procedure may be extended or waived upon mutual agreement of the City and the employee or his/her representative.

CONDUCT OF GRIEVANCE PROCEDURE.
A. A non-represented employee may be represented by a person of his/her choosing at any step of the grievance procedure.

B. Non-represented employees shall be assured freedom from reprisal for utilizing the grievance procedure.

C. Proceedings held pursuant to this grievance procedure shall not be evidentiary hearings. This limitation shall not preclude the grievant from presenting witnesses or other evidentiary matter as part of the proceedings.

APPEALS OF TESTING AND SELECTION PROCEDURES.

A. A non-represented employee who wishes to appeal a testing or selection procedure, or the results thereof, shall present his/her appeal to the immediate supervisor, who shall forward the appeal through the chain-of-command to the City Manager/Personnel Officer or his/her designated representative. Appeals of testing or selection procedures may not be filed until the testing and selection process is completed, and shall be filed within fifteen (15) calendar days after the certification of the eligible list. All persons who participated in the testing and selection process shall be notified of the date on which the eligibility list is certified.

B. Upon receiving an appeal of a testing or selection procedure, or the results thereof, the City Manager shall investigate, or cause to be investigated, all relevant facts regarding the appeal, and shall make a determination which shall be final. Such an appeal shall not require a hearing.

C. A non-represented employee can only appeal a selection/testing procedure if the result would place him/her on the eligibility list, or change his/her position on this list. An
individual appealing a testing/selection procedure must have been an applicant, or would have been but for the procedure being appealed.

D. If the City Manager makes a determination sustaining the appeal, and such determination results in the invalidation of all or part of the testing and selection procedure, a new recruitment shall be initiated.

**SECTION 19 – APPEALS OF DISCIPLINARY ACTIONS.**

CITY CLERK ADMINISTRATOR EXCLUSION: The provisions of Section 19 do not apply to the City Clerk Administrator who is an at-will employee of the City of Fountain Valley with no vested rights to the position and serves at the pleasure of the City Manager and may be terminated without cause in accordance with Title 2 of the City’s Municipal Code. In accordance with Section 2.18.050 of the City’s Municipal Code, the City Clerk Administrator is not entitled to a hearing, statement of charges or due process if terminated.

**GENERAL PROVISIONS.**

A. No permanent non-represented employee shall be disciplined unless the person imposing the disciplinary action believes, in good faith, that reasonable cause exists for imposing disciplinary action.

B. Any permanent non-represented employee shall have the right to appeal any disciplinary action imposed on him/her, subject to the conditions contained in this section.

C. For purposes of this section, "Disciplinary Actions" refer to the following: oral reprimand, written reprimand, suspension (with or without pay), demotion or reduction in pay, forfeiture of pay, or termination.
D. Oral and written reprimands may be appealed only to the next level within the chain-of-command.

E. At all times prior to and during the imposition and appeal of a disciplinary action, the City shall take whatever steps necessary to ensure compliance with procedural due process requirements. Pre-disciplinary efforts will include at a minimum and where appropriate and required by case law, notice to the non-represented employee of the intent to take disciplinary action, a description of the action, a statement of reasons on which the action is based, copies of material on which the notice is based, the opportunity to be heard prior to the rendering of a decision, and a statement of the right to appeal.

APPEAL PROCEDURES.

A. Disciplinary action imposed against a non-represented employee may be appealed for any of the following reasons:
   1. A disagreement or dispute over the facts giving rise to the imposition of disciplinary action.

   2. Abuse of discretion by the supervisor imposing discipline, or by a reviewing authority. Abuse of discretion includes, but is not limited to: exceeding or acting without authority, denying an employee procedural due process, or imposing discipline that is not warranted in either type or degree by the alleged offense.

B. Appeal of a disciplinary action must be filed with the Division Manager or Department Director within fifteen (15) calendar days of the date the disciplinary action was imposed.

C. Appeal of a disciplinary action must be in writing and must include, as a minimum, the following:
1. If the non-represented employee is alleging a disagreement over facts, a statement regarding what facts, if any, are in dispute. If there is no dispute over the facts, the appeal should so state.

2. If the non-represented employee is alleging abuse of discretion by the supervisor who imposed disciplinary action, on him/her, a statement setting forth the manner in which the supervisor imposing the disciplinary action abused his/her discretion. Specifically, the statement must show that the supervisor has exceeded or acted without authority; that the non-represented employee was denied procedural due process; or that the disciplinary action imposed was not warranted by the facts of the situation.

3. The remedy being sought by the non-represented employee.

D. Upon receiving an appeal of a disciplinary action, the Division Manager or Department Director shall first determine whether or not the appeal complies with Appeals Procedures B and C.1, 2, and 3. If not, the appeal shall be denied on the basis of one or more of the following:

1. The appeal was not filed in a timely manner, pursuant to Appeal Procedures B.

2. The appeal does not allege a dispute over the facts or abuse of discretion.

E. If the appeal complies with Appeal Procedures B and C.1, 2, and 3, the Division Manager or Department Director shall take the necessary steps to determine the merits of the appeal. Included in such steps will be the opportunity for the non-represented employee and his/her designated representative to meet with the Division Manager or Department Director, and to review any additional evidence which supports the disciplinary action.
F. Within five (5) working days after completing his/her investigation of appeal, the Division Manager or Department Director shall notify the non-represented employee in writing of his/her decision, and the reasons therefore.

APPEAL TO THE CITY MANAGER.

A. The decision of the Division Manager or Department Director may be appealed to the City Manager within fifteen (15) days after the Division Manager’s or Department Director’s decision is rendered. Upon receiving such an appeal, the City Manager shall proceed in the same manner as outlined in Appeal Procedures D.

B. If the disciplinary action imposed involves a significant property right, a non-represented employee shall be assured the right to a formal hearing, unless such right is specifically waived by the non-represented employee. If the disciplinary action does not involve a significant property right, the City Manager may conduct a formal or informal hearing, or no hearing.

C. Within fifteen (15) calendar days after completing the investigation of the appeal, the City Manager shall notify the non-represented employee in writing of his/her decision and the reasons therefore. The decision of the City Manager shall be final, except as provided in Section 2.52.200 of the Fountain Valley Municipal Code.

SECTION 20 – MANAGEMENT RIGHTS. Except as otherwise specifically provided in this Resolution, the City has and retains the sole and exclusive rights and functions of management, including, but not limited to, the following:

A. To determine the merits, necessity, nature or extent of services to be performed, as well as, the right to determine and implement its public function and responsibility, and the mission of its constituent departments, commissions and boards; and to determine budgets and appropriations of funds and to set municipal fees and charges.
B. To manage all facilities and operations of the City, including the methods, means and personnel by which the City's operations are to be conducted.

C. To schedule working hours, allot and assign work.

D. To establish, modify, or change work schedules or standards.

E. To direct the working forces, including the right to hire, promote, demote, or transfer any employee.

F. To determine the location of all plants and facilities.

G. To determine the layout and the machinery, equipment, or materials to be used.

H. To determine processes, techniques, methods and means of all operations, including changes or adjustments of any machinery or equipment.

I. To determine the size and composition of the working force.

J. To determine the policies and procedures affecting the selection or training of new employees.

K. To establish, assess and implement employee performance standards, including, but not limited to, quality and quantity standards; the assessment of employee performances; and the procedures for said assessment.

L. To control and determine the use and location of the City's property, material, machinery, and equipment.

M. To schedule the operation of and to determine the number and duration of shifts.

N. To determine measures to promote safety and to protect health and property.

O. To transfer work from one job to another or from one plant or unit to another.
P. To introduce new, improved or different methods of operations, or to change existing methods.

Q. To relieve employees from duty for lack of work or for other reasons deemed legitimate by management.

R. To reprimand, suspend, discharge or otherwise discipline employees for cause. The judgment of management shall govern except for an abuse of discretion.

S. To establish and determine job classifications.

T. To contract or subcontract construction, services, maintenance, distribution or any other work with outside public or private entities.

U. To take such other and further action as may be necessary to organize and operate the City in the most efficient and economical manner for the best interest of the public it serves.

SECTION 21 – NON-DISCRIMINATION. Neither the City nor the non-represented employee shall discriminate against any employee because of race, color, ancestry, national origin, sex (including pregnancy, childbirth, medical conditions related to pregnancy or childbirth, gender, gender identity, transgender, gender expression and breastfeeding or a medical condition related to breastfeeding), age, political or religious affiliations, sexual orientation, marital status, physical or mental medical condition (including cancer, a record of cancer, genetic characteristics, diseases or disorders) or military or veteran status, except as provided for by applicable law.

SECTION 22 – MAINTENANCE OF BENEFITS. It is understood that existing ordinances, resolutions, and policies with the City govern matters pertaining to employer-employee relations, including but not limited to salaries, benefits, hours and other terms and conditions of employment, and the same are not affected by this agreement except as specified herein.
SECTION 23 – SEVERABILITY. In the event that any provision of this Resolution is declared by a court of competent jurisdiction to be illegal or unenforceable, or is rendered void by virtue of statutory or legislative enactment, that provision of the Resolution shall be null and void, but such nullification shall not affect any other provision of this Resolution, which other provisions shall remain in full force and effect.

SECTION 24 – INTEGRATION, MODIFICATION AND RATIFICATION. This Resolution sets forth the improvements or changes in the wages, hours, benefits and other terms and conditions of employment for the non-represented employees. This Resolution may be modified or amended only by written agreement between the parties hereto. This Resolution shall be of no force and effect unless or until duly adopted, ratified, and approved by the City Council of the City of Fountain Valley, or in the alternative, the substantive provisions hereof are adopted by resolution of the City Council.

SECTION 25 - EFFECTIVE DATE. Except as otherwise specified to the contrary in this Resolution, all provisions shall be effective November 21, 2017.