

RESOLUTION NO. 21-26

1 RESOLUTION OF THE COUNCIL OF THE CITY OF CHICO APPROVING
2 "MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CHICO AND
3 CONFIDENTIALS (CNF) REGARDING PAY, HOURS, AND OTHER TERMS AND
4 CONDITIONS OF EMPLOYMENT FOR THE PERIOD OF JANUARY 1, 2026 THROUGH
5 DECEMBER 31, 2027 (2026 MOU-CNF)"

6 WHEREAS, the Council has previously recognized the Confidentials ("CNF") as the
7 exclusive representative of employees assigned to Confidential positions of the City of Chico
8 ("City"); and

9 WHEREAS, pursuant to the provisions of Government Code Section 3500 et. seq. and
10 Chapter 2R.72 of the Chico Municipal Code ("Personnel and Employee Representation Rules"),
11 authorized representatives of CNF and of City have met and conferred in good faith concerning
12 matters within the scope of representation; and

13 WHEREAS, City and CNF have memorialized their agreement regarding matters within
14 the scope of representation pursuant to the above referenced code provisions in the
15 "MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CHICO AND
16 CONFIDENTIALS (CNF) REGARDING PAY, HOURS, AND OTHER TERMS AND
17 CONDITIONS OF EMPLOYMENT FOR THE PERIOD OF JANUARY 1, 2026 THROUGH
18 DECEMBER 31, 2027" (2026 MOU-CNF);" and

19 WHEREAS, all current negotiated items have been incorporated into the 2026 MOU-
20 CNF; and

21 WHEREAS, City and CNF have executed the 2026 MOU-CNF and the City Clerk has
22 made copies of the 2026 MOU-CNF available to this Council for its consideration; and

23 WHEREAS, this Council has reviewed the 2026 MOU-CNF and finds that it should be
24 approved.

25 NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Chico as follows:

26 1. The 2026 MOU-CNF is hereby approved and supersedes in all respects any and all
27 terms and provisions of all prior resolutions and memoranda of understanding between City and
28 employees represented by CNF, except to the extent that any term or provision of this 2026
MOU-CNF expressly provides otherwise.

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2. The City Manager is hereby authorized to make appropriate adjustments to the Annual Budgets, to City's Administrative Procedure and Policy Manual, and such other rules and regulations of City as may apply, and to perform all other acts necessary to implement the terms and conditions set forth in the 2026 MOU-CNF.


THE FOREGOING RESOLUTION WAS ADOPTED by the Council of the City of Chico at its meeting held on April 7, 2026, by the following vote:

- AYES: **Goldstein, Hawley, O'Brien, van Overbeek, Winslow, Bennett, Reynolds**
- NOES: **None**
- ABSENT: **None**
- ABSTAIN: **None**
- DISQUALIFIED: **None**

ATTEST:


Deborah R. Presson, City Clerk

APPROVED AS TO FORM:


Ryan R. Jones (Mar 27, 2026 12:09:51 PDT)
Ryan R. Jones, City Attorney*

*Approved pursuant to The Charter of the City of Chico §906 (E)

MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF CHICO
AND
CONFIDENTIALS (CNF)
REGARDING PAY, HOURS, AND OTHER TERMS AND CONDITIONS OF
EMPLOYMENT FOR THE PERIOD OF JANUARY 1, 2026 – DECEMBER 31, 2027
(2026 MOU - CNF)

Pursuant to California Government Code Section 3500 et seq., the City of Chico, through its designated representative, ("City") and the Confidentials ("CNF") have met and conferred in good faith regarding various items relating to pay, hours, and other terms and conditions of employment for the employee unit represented by CNF.

As a result of the aforementioned meetings, City and CNF have reached agreement as provided in this Memorandum of Understanding ("MOU") pursuant to California Government Code Section 3505.1.

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ARTICLE ONE: GENERAL PROVISIONS

1.1 DEFINITIONS

A. Generally. Except as otherwise provided herein, all words and phrases used in this Memorandum of Understanding (MOU) shall have the meanings as set forth in the Charter of the City of Chico (“Charter”), the Chico Municipal Code (“CMC”), the City of Chico Personnel and Employee Representation Rules (“PERRs”), the City of Chico Administrative Procedure and Policy Manual (“AP&P”), and in California Government Code Section 3500 et seq. entitled, the “Meyers-Miliias-Brown Act” (“MMBA”).

B. Specific Definitions. The following words or phrases shall have the meanings as set forth below, unless the context in which any word or phrase is used requires another meaning:

1. **“City”** shall mean either the City of Chico, or the City Manager, or any Department Head thereof acting on behalf of the City of Chico or the City Manager, with regard to the provisions of this MOU.

2. **“Compensating Time Off” (“CTO”)** shall mean compensating time off which is granted in lieu of pay for overtime hours worked.

3. **“Council”** shall mean the City Council of the City of Chico.

4. **“Department Head”** shall mean an individual employee's department head or department head's designated representative.

5. **“Employee”** shall mean permanent and probationary full-time employee(s) of City who are covered by this MOU.

6. **Fair Labor Standards Act (“FLSA”)** shall mean the Fair Labor Standards Act of 1938, as amended and as implemented, through Title 29 of the Code of Federal Regulations.

7. **“Pay”** shall include the term “wages” as used in MMBA.

8. “Permanent Part-Time” shall mean positions or Employees which have a regular schedule of (20) or more hours per week but less than forty (40) hours per week.

9. Public Employees Retirement System (“PERS”) shall mean the California Public Employees’ Retirement System.

10. “Registered Domestic Partner” shall have the same meaning as provided in the California Family Code Section 297.

C. Structure of Memorandum. This MOU is structured with Articles, Subarticles, Sections, Subsections, Paragraphs, and Subparagraphs. As an example, the description of the City contribution for life insurance is found in Article Six: Employee Benefits, Subarticle Two - Insurances, Section B - Life Insurance, Subsection 1 - City Contribution. This would be specifically cited as 6.2.B.1.

1.2 EFFECT OF MOU

A. Annual Budget(s) and City’s AP&P. If any provisions of the current City Annual Budget and City’s AP&P are inconsistent with any of the provisions of this MOU, the provisions of this MOU shall prevail and shall, upon approval by Council, supersede any such inconsistent provisions.

B. City, State, or Federal Laws, Rules, or Regulations. Unless otherwise specifically provided for herein, this MOU shall not affect or supersede the Charter, the CMC, City’s PERR, or any other rule or regulation promulgated thereunder. Further, this MOU shall not affect any Federal or State statutes, or any rules or regulations promulgated thereunder.

1.3 APPLICABILITY. This MOU shall apply to City employees assigned to confidential positions (“Employees” or “Employee”) within the City, who are employed on or after the effective date of this MOU and defined in Section 2R.72.120.C of the Chico Municipal Code.

1.4 TERM. Unless otherwise provided for herein, the provisions of this MOU shall become effective for the period of January 1, 2026, through December 31, 2027, provided, however, that such provisions shall only be applicable to those Employees who are employed on and after the date that this MOU is approved by City Council. This MOU supersedes and replaces in all

respects the terms and conditions established in all prior Resolutions or MOUs setting forth Employee pay and benefits. City or Confidentials shall provide written notice to the other of the desire to negotiate a new MOU on or before August 1 of any year during the term of this MOU in which the MOU expires at the end of the fiscal year, unless otherwise agreed upon by both parties.

1.5 WAIVER OF MEET AND CONFER OBLIGATION DURING TERM OF MOU

A. Waiver. City and Union acknowledge that, during the negotiations which resulted in this MOU, City and Union had the unlimited right and opportunity to make proposals regarding any matter not removed by law from the meet and confer or consultation arena, and that understandings and agreements arrived at by City and Union after the exercise of such right and opportunity are set forth in this MOU. Therefore, City and Union, for the duration of this MOU and subject to the exceptions contained herein, each waives the right, and each agrees that the other shall not be obligated, to meet and confer with respect to any subject or matter referred to or covered in this MOU.

B. Matters Not Covered by this MOU. If, during the term of this MOU, City or Union desires to meet and confer or consult in good faith with respect to any matter not specifically referred to or covered in this MOU, City and Union agree to abide by MMBA, regarding the obligation to meet and confer in good faith.

1.6 LETTER AGREEMENT FOR VARIATION OF PROVISIONS

It is recognized that occasions may arise during the term of this MOU when it is to the mutual benefit of City and Union to vary from the strict adherence to this MOU's provisions. On such occasions, said provisions may be temporarily changed, modified, suspended, or otherwise varied from upon the voluntary and mutual agreement of the parties hereto as evidenced by a letter agreement signed by City Manager, on behalf of City, and by Union Representative, on behalf of Employees. Each such letter agreement shall temporarily modify this MOU, as to its term, conditions, provisions, and requirements, for the stated purpose(s) and duration as set forth in the letter agreement.

1.7 AMENDMENTS

This MOU represents the entire understanding of City and Union as to those matters contained herein. No prior written understanding shall be of any force or effect with respect to those matters covered in this MOU. This MOU may not be modified or altered except by written amendment appropriately designated, signed, and dated by City and Union. Any such amendment shall, unless otherwise provided, be considered as a part of this MOU from the effective date of this MOU.

1.8 NON-DISCRIMINATION

A. Union Membership. City and Union mutually agree to respect Employee rights as set forth in City's PERR, which includes the right to membership in an employee organization without discrimination on the part of City. City agrees to cooperate with Union in any petition and election process for Agency Shop which Union may initiate.

B. Protected Group Status. City and Union agree not to discriminate against Employees regarding any protected group referenced in the California Government Code Section 12940, as amended, and as set forth in California Government Code Section 3506, as amended.

1.9 EQUAL EMPLOYMENT OPPORTUNITY PLAN

Union agrees to abide by City's Equal Employment Opportunity Plan.

1.10 SEVERABILITY

If any provision of this MOU is held invalid or unconstitutional by any court of competent jurisdiction, such decision shall have no effect on the validity of the remaining provisions of this MOU, and such provisions shall continue to remain in full force and effect.

1.11 EXHIBITS INCORPORATED

All Exhibits referred to in and attached to this MOU are hereby incorporated in this MOU by this reference.

ARTICLE TWO: SPECIAL PROVISIONS - UNION

2.1 RECOGNITION

City recognizes Union as the majority representative of those confidential City Employees holding permanent allocated positions with the job titles set forth in Exhibit "A," pursuant and subject to the decertification provisions of City's PERR. This supersedes any previous recognition.

2.2 REPLACEMENT OF PERMANENT FULL-TIME POSITION

City agrees to meet and confer with Union regarding the bargainable impacts on represented Employees should City determine to replace a full-time position with either a Permanent Seasonal or a Permanent Part-Time position. City agrees to request a Meet and Confer with Union prior to moving forward with a decision to replace a full-time position with either a Permanent Seasonal or a Permanent Part-Time position.

2.3 EMPLOYEE RIGHTS

Any employee shall have the right to represent themselves individually with the City and to present grievances, other workplace issues, and discipline appeals to the City and to have such grievances and appeals adjusted without the intervention of the Union up to but not including arbitration, provided that the adjustment shall not be inconsistent with the MOU and further provided that the Union shall be given an opportunity to be present at any formal steps of adjustment.

ARTICLE THREE: SPECIAL PROVISIONS - EMPLOYEE

3.1 PERSONNEL FILE INSPECTION

Pursuant to City's PERR Section 2R.72.060.A, Employees shall have the right to inspect their personnel files, maintained by City's Human Resources and Risk Management Office in accordance with the provisions of City's AP&P No. 13-9. The right of inspection shall also apply to Employee's representative, upon presentation of a written authorization form signed by Employee, as set forth in such AP&P.

ARTICLE FOUR: SPECIAL PROVISIONS - CITY

4.1 MEDICAL SUITABILITY FOR EMPLOYMENT

A. City's Right to Require. City retains the right to require any Employee to undergo a physical examination, of any kind or extent, including psychiatric or psychological evaluation as appropriate, at the option of City, to ensure Employee's medical suitability to perform the duties of the position to which Employee is assigned. Said physical examination shall be paid for by City and performed by a physician chosen by City. City agrees that should Employee, after such physical examination, be found to be not medically suited to perform the duties of the assigned position, Employee shall have a reasonable amount of time to become medically suitable. If, after such reasonable time, Employee remains medically unsuited for the assigned position, City retains the right to take appropriate action, including, but not limited to, transfer to another position for which Employee is medically suited, if such a position is available, or termination.

B. Second Opinion. City further agrees that an Employee who is found to be not medically suited to perform the duties of the assigned position may obtain a second physical examination and opinion from a physician of Employee's choice and at Employee's expense provided, however, that the physician performing the second examination is acceptable to City.

C. Third Opinion. In the event that there is a difference of opinion between City's physician and Employee's physician regarding Employee's medical suitability to perform the duties of the assigned position, City agrees that a third physician, jointly selected by City's and Employee's physicians, shall examine Employee and make a final determination regarding Employee's medical suitability. The cost of the third examination shall be paid for by City.

ARTICLE FIVE: PAY

5.1 BASIC PAY

A. Established. A Basic Pay schedule shall be established consisting of Pay Ranges assigned to each applicable job title. A Pay Range shall consist of seven (7) Pay Steps. Each of the steps shall have an hourly Basic Pay rate and shall be titled as Steps A-G, respectively. Employees shall be assigned to hourly Basic Pay rates within the Pay Ranges by applicable job title in accordance with Appendix “1”, entitled “Pay Schedule for Confidential Employees”. For the purpose of this Article Two, “Anniversary Date” shall mean the date that Employee is eligible for the “B” Step, in the case of an Employee originally appointed at the “A” Step, or in the instance of a promotion or employment in other than the “A” Step, one year after the date of such employment or promotion.

B. Pay Step Progression

1. Conditioned Upon Performance. Progression through Pay Steps for job titles listed in Appendix “1” shall be subject to and conditioned upon Employee achieving a “Fulfills Job Requirements” or above as the Summary Performance Rating on Employee’s “Employee Performance Report” for each of the time periods required to progress in each Pay Step, in accordance with the required period of service for progression set forth in Subsection 5.1.B.2.

2. Period of Service for Progression. Periods of service for progression through Pay Steps are applicable to job titles listed in Appendix “1”, Progression from Pay Step “A” to Pay Step “B” shall require a six (6) month period of service in Pay Step “A.” Progression through all other Pay Steps shall require a twelve (12) month period of service in the prior Pay Step. In addition to the required periods of service, Employees must achieve a “Fulfills Job Requirements” or above, in accordance with performance conditions set forth in Subsection 5.1.B.1.

3. Period of Service for Progression - Exception. The period of service for progression for an Employee whose probationary period has been extended for any reason shall be extended to match the extension of probation.

4. Effective Date of Progression. Employees satisfactorily completing the requirements set forth above shall be advanced to the next applicable Pay Step effective on the first day of the bi-weekly pay period which includes such Employee's Anniversary Date.

C. Promotions - Effect on Basic Pay. Employees, unless otherwise specified herein, who are promoted from one job classification in the competitive service to another job classification assigned to a higher Pay Range shall be assigned to a Pay Step within the Pay Range assigned to the promotional job classification so as to receive at least a five percent (5%) pay increase so long as there is such a step. If the available top step in the promotional job classification range is less than five percent (5%) above Employee's current Basic Pay, Employee shall be assigned to the top step in the promotional job classification range. The Director may assign an employee to any Pay Step within the range assigned, so long as the increase equates to at least five percent (5%).

D. Computation of Pay. Employees will be paid for actual hours worked and paid leave for which they are eligible. Except as otherwise provided in this MOU, Employees who commence or terminate employment other than at the end or beginning of a pay period shall only be compensated for the actual hours worked during such pay period. Employees exempt from the overtime provisions of the FLSA shall be paid for actual hours worked and paid leave for which they are eligible; however, they shall not be eligible for payment of hours over 40 per week or outside their regular work day or shift as provided for in 5.2.B of this MOU.

E. Permanent Part-Time Positions - Pay. Employees hired into Permanent Part-Time positions shall receive pay for their work at their established hourly rate for all hours worked. If otherwise eligible based on criteria established in this MOU, such Employees shall be eligible for Call-Out, Administrative Call-Out, Out of Class, Night Shift Pay Differential, and Bilingual Pay Differential. Permanent Part-Time shall be eligible for a pro-rated portion of the

City's contribution to the group medical and dental insurance plans based on their regularly scheduled work hours. A modification in benefit accrual rate as provided for in Subarticle 6.7 shall be applicable to Permanent Part-Time Employees.

F. Direct Deposit. It is strongly encouraged that each City employee have their pay directly deposited into a financial institution. Forms permitting such deposit(s) are available within the Finance Department.

G. Pay Range Increases. Effective the first full pay period after ratification and approval of the 2026 MOU-CNF, the City shall provide a four and one-half percent (4.5%) General Salary Increase (GSI) to CNF members as specified in exhibit A. Effective January 10, 2027, the City shall provide a four and one-half percent (4.5%) GSI to CNF members as specified in Exhibit A.

H. Notary Public Differential. Employees certified as a Notary Public, shall receive a stipend of twenty-five dollars (\$25.00) per month for the maintenance of such certification.

I. Confidential Employee Premium Pay. Effective the first full pay period after ratification and approval of the 2026 MOU-CNF, Confidential employees shall receive a premium pay amount of sixty-two dollars and fifty cents (\$62.50) per month. This premium pay is intended to recognize the unique responsibilities and obligations associated with Confidential classifications.

This premium pay shall be paid on a bi-weekly basis and shall not be included in the calculation of overtime, holiday pay, or other premium pays unless otherwise required by law.

5.2 OVERTIME PAY

A. Method of Earning Overtime. Except as otherwise provided herein, Employees performing work in excess of their normally assigned work shift or on their regularly scheduled day off, shall be eligible for overtime pay. Overtime shall be granted in fifteen (15) minute increments and all overtime worked shall be rounded to the closest quarter hour. As an example, if an employee works an extra 1 – 7 minutes, the time shall be rounded down to the

closest quarter hour (No Overtime Earned). If an employee works an extra 8 – 14 minutes, the time shall be rounded up the closest quarter hour (15 minutes of Overtime Earned).

B. Method of Compensation

1. **Rate.** Except as otherwise provided herein, all overtime worked by eligible Employees shall be compensated by City by payment at one and one-half (1-1/2) times Employees' regular hourly regular rate of pay, as defined by FLSA.

2. **Payment During Pay Period.** All overtime earned by eligible Employees within a pay period shall be paid at the same time as payment is made for Basic Pay earned within said pay period.

3. **Payment at Termination.** An Employee terminating from City service for any reason shall be paid for accrued overtime at the regular pay rate set forth in Subsection 5.2.B.1. Such payment shall be made in conjunction with and included in Employee's final paycheck.

C. Travel and Attendance at Training Sessions. City agrees to pay employees for travel and attendance at training sessions, in accordance with the provisions of City's AP&P.

D. Exclusions From Overtime Payment

1. **Specific Job Title.** Employees determined to hold an exempt position for the purposes of FLSA shall not be eligible to incur overtime and receive overtime payment therefore. The employee is eligible for Administrative Leave pursuant to 6.3.A.

2. **Employees Working in Management Positions.** Employees who are either temporarily promoted to a management position or are assigned to work out of class in a management position shall be excluded from receiving overtime payment and in lieu thereof shall receive a prorated amount of administrative leave pursuant to the Management Pay and Benefit Resolution, MOU, or Annual Budget approved by resolution of City Council.

5.3 CTO IN LIEU OF OVERTIME PAYMENT

Eligible Employees working overtime may accrue CTO in lieu of overtime payment, and may utilize such CTO, in accordance with the following conditions and provisions:

A. Accrual. CTO shall be accrued at the rate of one and one-half hours (1½) for each hour of overtime worked. The maximum amount of CTO that may be accrued at any one time shall be limited to eighty (80) hours.

B. Utilization. CTO shall be utilized on a straight time basis. Approval for use of CTO shall be given by Employee's Department Head or designee, subject to the same restrictions and conditions which exist on the scheduling of vacation.

C. Payment for Unused CTO. By December 15th of each year, employees may request payment for part of all of unused CTO accrued in the following year. When requested, such payment shall be made on the Employee's first paycheck in December of the following Calendar year. Payment for such hours will be made at the regular rate of pay, as defined by the FLSA, which is effective at the time of payout.

If an employee promotes to a FLSA exempt position, all CTO hours shall be paid out on the last paycheck of the employee's non-exempt assignment. Further, in the event an employee transfers to a different bargaining unit, all CTO hours in excess of the new unit's accrual limit shall be paid out on the last paycheck of the employee's current bargaining group assignment.

D. City Manager Authority. Notwithstanding anything above to the contrary, City Manager shall have the authority to determine and order that CTO be paid or taken as time off.

5.4 OVERTIME PAYMENT – PERMANENT PART-TIME POSITIONS.

Permanent Part-Time Employees' eligibility for overtime shall be based on standards set forth in the FLSA.

5.5 CALL OUT PAY

A. Generally. It is understood and agreed that occasions may arise when it is necessary to call Employees back to work during non-working hours for the purpose of performing one or more job tasks. In consideration for the inconvenience to Employee responding to a call-out, the parties hereto agree that Employees shall be compensated for three (3) hours of call-out time should the performance of the necessary job tasks require less than three (3) hours of call-out work. Should the necessary job tasks require more than three (3)

hours of call-out time, Employee shall be compensated for the actual time of call-out. Compensation for call-out time pursuant to this section shall be made in the same manner as provided in Section 5.2.B or 5.3 for overtime compensation. Call-out time shall begin at the time Employee is contacted to respond to the call-out, but not longer than thirty (30) minutes prior to the time Employee reaches the job site or City's Municipal Center, as may be appropriate for handling the assignment, and shall end at such time as Employee completes the call-out assignment and leaves the job site or City's Municipal Center to return to Employee's place of residence. In the event that Employee is assigned to one or more additional call-out tasks during the course of completing the initial call-out job task, call-out time shall end at such time as Employee completes the final job task and leaves the job site or City's Municipal Center to return to such residence.

B. Administrative Call-Out Pay. It is understood and agreed that occasions may arise when it is necessary to contact Employees to include: email, text, and phone call, to do some administrative or coordination work from home during non-working hours for the purpose of performing one or more job tasks. In consideration for the inconvenience to Employee responding to such a need, the parties hereto agree that Employees shall be compensated for one (1) hour of administrative call-out time should the performance of the necessary job tasks require less than one (1) hour of work. Should the necessary job tasks require more than one (1) hour of time, Employee shall be compensated for the actual time worked from home. Compensation for administrative call-out time pursuant to this Section shall be made in the same manner as provided in Sections 5.2.B or 5.3 for overtime compensation.

5.6 OUT-OF-CLASS PAY

Employees may be assigned to perform a portion of the duties of a permanent position in a higher classification on a temporary basis. Such assignments shall be termed "out of classification" or "out-of-class" work. Out-of-class work is only subject to out-of-class compensation when one or more of the Qualification criteria below are met.

It is understood that, from time to time, various higher level “tasks” may be assigned to an employee. It is recognized that the infrequent assigning of such tasks is meant to be non-habitual and does not constitute out of classification work subject to out-of-class compensation.

The City agrees to provide comprehensive training to supervisory employees regarding the concept and application of out-of-classification work.

A. Compensation. City agrees to compensate Employees, at that certain step in the salary range of the higher classification which generates an increase above the employee’s current salary of not less than five percent (5%).

B. Qualification. To qualify for out-of-class pay, Employee must be assigned by Employee’s Department Head, or by such person designated by Department Head, to perform a substantial amount of work in a higher job classification. For the purposes of this section a “substantial amount of work” shall be defined as either: four (4) hours or more within any single work day, or more than eight (8) hours, cumulatively, within two (2) consecutive pay periods. Employee shall be compensated for one (1) full work day of out-of-class work for each instance where out-of-class assignments reach the level of substantial amount of work as defined above.

For example, if an Employee accrues six (6) hours of out-of-class work in small increments within a pay period, no out-of-class pay is due until/unless the Employee works two (2) additional hours out-of-classification in the *next* pay period. Once the eight-hour cumulative threshold is met, the Employee is entitled to report a full work day of out-of-class work for the purpose of receiving out-of-class compensation. Additionally, if the Employee accrues six (6) hours of out-of-class work in small increments within a pay period, yet doesn’t accrue any additional out-of-class work in the next pay period, no out-of-classification compensation is due to the Employee.

Payment for out-of-classification assignments shall commence on the first day that such assignment(s) met the criteria for a substantial amount of work as defined above.

C. Voluntary Out-of-Class Work Exclusion. It is understood that in an effort to assist Employees in obtaining experience or training for future promotional opportunities,

Employees may from time to time volunteer to perform the duties of a higher job classification. Such voluntary performance on the part of Employees shall not be eligible for compensation as out-of-class pay. City agrees to evaluate and record the performance of Employees performing such voluntary out-of-class work on a form prepared and maintained by City's Human Resources and Risk Management Office.

D. Submission of Out-of-Class Work. Out-of-classification work must be submitted in the pay period it was worked. Under no circumstances shall compensation for out-of-classification work be issued more than ninety (90) days retroactively, unless previously approved by the Deputy Director – Human Resources and Risk Management.

5.7 PAY DIFFERENTIALS

A. Bilingual Pay Differential. In situations where a Department Head determines that it is necessary for an Employee to use bilingual skills, those Employees who have been previously determined to possess those skills at a level necessary for the assignment, and who are so assigned by Department Head, shall be eligible to receive additional compensation. Department Heads shall develop a method for rotation of bilingual assignments to allow qualified Employees access to the bilingual pay differential. Such rotation shall be based on the needs of the department, with due regard for the wishes of Employees.

1. Evaluation of Employees' Skills. Employees who wish to be considered for such assignment shall request a determination from Department Head that their verbal and written bilingual skills are at a level necessary for the assignment. Such eligibility shall be documented through a transaction and established prior to assignment.

2. Designation of Position and Compensation. The City Manager may designate positions within various departments as benefitting from bilingual skill usage, and in those cases qualified Employees shall be eligible to receive pay for all hours worked in the amount of five percent (5%) of their hourly regular pay rate.

ARTICLE SIX: EMPLOYEE BENEFITS

6.1 HOLIDAYS

A. Established. For the purposes of this MOU, effective upon date of City Council ratification, City shall provide eight (8), ten (10), twelve (12) hours, or whatever other daily shift total of hours an employee works, of holiday pay for the following established holidays: January 1, third Monday in January, third Monday in February, last Monday in May, July 4, first Monday in September, November 11, Thanksgiving Day, day after Thanksgiving, December 24 (Christmas Eve), December 25, and such other days as may be proclaimed by the City Council as public holidays. These holidays constitute the entire and exclusive list of legal holidays observed by City. Employees are only eligible for Holiday compensation if they are in a “paid status” (the scheduled shift prior to the holiday, or the next scheduled shift following the holiday) at the time of the holiday.

B. Attendance Policy. It is the policy of City that unless Employee services are required in the interest of public health, safety or general welfare, Employees shall not be required to be on duty on holidays.

C. Holidays - Observed.

1. Holiday Sunday. When a holiday falls on a Sunday, the following Monday shall be observed, provided, however, should Christmas Eve fall on a Sunday, such holidays shall be observed on the Employee's last regular work day prior thereto.

2. Holiday - Saturday. If a holiday falls on a Saturday, time off or pay shall be granted at the discretion of the City Manager. If time off is granted for Christmas Eve, the holiday shall be observed on the Employee's last regular work day prior thereto.

3. Holiday - Regular Days Off. If Employee's regular days off are other than a Saturday or Sunday and the holiday falls on such day, time off or pay shall be granted at the discretion of City Manager. If time off is granted for Christmas Eve, the holiday shall be observed on Employee's last regular work day prior thereto.

4. Christmas Holiday - Monday. Should the Christmas holiday fall on a Monday, the Christmas Eve holiday shall be observed on the Employee's last regular work day prior thereto.

D. Compensation for Holidays Worked. Employees who are required to be on duty on the established holidays, pursuant to 6.1.A above, shall, in addition to their regular straight time pay for that work day, be compensated by granting of time off or pay, at the discretion of City Manager, at the rate of time and one-half for the hours worked on said holiday.

Employees who have been granted time off in observance of a holiday and who are subsequently required to work as the result of an emergency shall be additionally compensated at one and one-half (1-1/2) times) their regular rate of pay, as defined by FLSA.

E. Premium Holiday Pay. Employees required to work on the Premium Holidays identified as July 4th, Thanksgiving Day, or Christmas Day shall be paid, in addition to the hours paid for that day, an additional one (1) hour of Premium Holiday Pay for each hour worked on the Premium Holiday. Premium Holiday Pay is to be paid in addition to the regular Holiday pay for that day. As an example, total compensation for each of the Premium Holidays for an eight (8) hour shift worked would be as follows: payment for eight (8) hours worked on that day, plus one hour Premium Holiday Pay for each hour worked would be eight (8) hours Premium Holiday Pay, totaling sixteen (16) hours of pay for that day.

6.2 INSURANCES

A. Medical and Dental Insurance

1. City Contribution. Employees shall receive the maximum contribution per month toward the monthly premium rate for City's employee group medical and dental insurance plans, as set forth in Appendix "2", entitled "Medical and Dental Insurance Carriers and Contributions". In the event that the actual monthly premium is less than the maximum contribution set forth in Appendix "2", City's contribution shall be the actual monthly premium amount and Employees shall not be required to make a contribution.

2. Insurance Advisory Committee

a. Purpose. The Insurance Advisory Committee (“Committee”) will provide an ongoing review and periodic recommendations regarding the City’s medical, dental and vision insurance plans (“Plan”).

b. Composition. The Committee will be coordinated by a representative of the Human Resources and Risk Management Office. The Committee will consist of a maximum of two (2) representatives from each City insurance participant group. City Insurance Participant Groups include City’s recognized bargaining units, City’s unrecognized employee groups, and City Retirees and one (1) City Council Representative. Current employee representatives shall not be charged vacation or other leave time if Committee meetings are held during employee’s normal work hours, nor shall employees receive overtime or call-back pay for service on the Committee. Retirees are not considered a separate participant group for purposes of overall plan rate increases or decreases, but are assigned to the participant group they retired from and become inclusive to that group.

c. Annual Health Care Review. Each recognized or unrecognized group may meet annually to review the Plan. The Committee may make advisory recommendations regarding any proposed Plan to the City Insurance Participant Groups and City Manager. The Committee will review proposed changes in the medical, dental and vision insurance plans, including, but not limited to, benefit levels, services provided, methods of cost containment, alternative plans and other related topics for consideration of an advisory ballot election. The Committee will have access to such non-confidential information as necessary to fulfill its purpose.

d. Election. An all-City employee advisory vote may be initiated by the Committee or the City Manager. The City Clerk will conduct a secret advisory ballot election for all individuals in City Insurance Participant Groups, as defined above, within thirty (30) calendar days of a request regarding above changes. City Clerk will then report the results of the election to the City Manager and Committee.

e. **Approval of Modifications to the Plan.** Modifications of insurance premium cost-sharing arrangements are to be negotiated by individual bargaining groups. Committee recommendations and election results will be taken under advisement; however, final modifications must be approved by the City Manager.

B. Life Insurance

1. **City Contribution.** City agrees to provide Employees with term life insurance in the amount of one times the annual base salary, rounded to the next multiple of \$1,000, and the spouse/registered domestic partner and minor children of such Employees with term life insurance in the amount of \$1,500, the full cost of the premium for which shall be paid for by City.

2. **Carrier Identified.** For the purposes of this Section, the carrier of the life insurance plan referred to herein shall be on file with the Human Resources & Risk Management Office.

C. Long-Term Disability Insurance.

1. **City Contribution.** City agrees to pay to the long-term disability insurance carrier, as defined herein, sixty percent (60%) of the monthly premium cost of the long-term disability insurance plan for each Employee participating in such plan with a minimum contribution of one percent (1%) of Employee salary. Confidentials agree that Employees participating in such plan shall pay the remaining forty percent (40%) of such monthly premium. If the total rate for the plan is less than the one percent (1%) minimum contribution set forth above, City's contribution shall be the actual premium amount, and participating Employees shall not be required to make a contribution. In no case shall City's obligation exceed the actual premium cost of the plan.

2. **Carrier Identified.** For the purposes of this Section, the carrier of the long-term disability insurance plan referred to herein shall be on file with the Human Resources & Risk Management Office.

3. Payroll and Tax Treatment of Long Term Disability Insurance

Premium. In order to establish the long-term disability insurance premium as a post-tax employee contribution so that benefits which might be received by Employees would be treated as such for tax purposes, the actual amount of the premium to be paid by City as provided for above shall be withheld from Employee taxable earnings. In turn, the City will pay a bonus to Employees equal to the amount of the Employee premium contribution during the period in which the premium deduction is paid. Such bonus shall not be considered part of Employee's regular salary for calculation of retirement, life insurance, or any other salary-based benefit, but shall serve only as a mechanism to establish the long-term disability insurance benefit as an employee-paid benefit for tax purposes.

D. Vision Insurance.

1. Benefit Level and City Premium Payment. City agrees to provide Employees with a vision insurance plan which provides vision care benefits, to Employees only, which include an eye examination and lenses every 12 months, frames every 24 months, and provisions relating to contact lenses, with deductibles of \$10.00 for each eye examination, and \$25.00 for lenses or frames, the full cost of the premium for which shall be paid by City.

2. Access for Employee Paid Dependent Coverage. City further agrees that an Employee may purchase vision insurance coverage for Employee's dependent spouse and children, at Employee's sole cost and expense, through bi-weekly payroll deduction of the additional premium amount.

3. Carrier Identified. For the purposes of this Section, the carrier of the vision insurance plan referred to herein shall be on file with the Human Resources & Risk Management Office.

6.3. LEAVE

A. Administrative Leave.

1. Basic Accrual. Employees holding a job title identified as exempt by the FLSA shall not be eligible to incur overtime and receive overtime payment therefore, but in lieu

of such payment shall receive fifty-six (56) hours of Administrative Leave per calendar year. Any Employee who is hired or promoted into such job title after the beginning of the calendar year shall receive a prorated amount of Administrative Leave on a "percentage of year remaining" basis.

2. Additional Accrual. In addition to the Administrative Leave set forth above, the City Manager may approve additional Administrative Leave on a case by case basis, up to a maximum of forty (40) additional hours per calendar year. Such additional Administrative Leave may be approved by the City Manager based upon a determination that the affected Employee is required to work a substantial amount of time beyond the time normally expected of Employees.

3. Removal of Unused Administrative Leave. Any Administrative Leave not taken by the last day of the calendar year shall be removed, without compensation, from the Employee's payroll records. Employees who leave City service prior to the end of the calendar year shall receive no compensation for Administrative Leave on Employee's payroll record.

B. Leave of Absence Without Pay. Please refer to Administrative Procedure and Policy 13-24, entitled "Leaves of Absence," as amended.

C. Bereavement Leave. In the event of a death of an Employee's immediate family member, Employee may utilize Bereavement Leave in accordance with the provisions of City's AP&P.

D. Leave With Pay - Birth or Adoption of Child. In the event of the birth of an Employee's child or adoption of a child by Employee, such Employee shall be entitled to a leave of absence with pay for a period of three (3) consecutive work weeks or one-hundred twenty (120) hours. Such leave must commence within one year of birth or adoption, the equivalent timeframe to FMLA/CFRA (Family Medical Leave Act/California Family Rights Act) protected periods. An Employee shall be eligible for a single leave period for the event of a birth or adoption, without regard to the number of children involved. The birth or adoption of multiple children at one time shall not create eligibility for more than one birth or adoption leave period.

Employees shall notify their department head as soon as possible after the date of a birth or adoption as to which days Employee will be on birth or adoption leave.

E. Sick Leave.

1. Accrual - Generally. Sick leave credit, which commences upon employment of the individual and may be accumulated without limitation, shall be granted to all Employees. Except as otherwise provided below, upon termination from the service of City, no compensation for accrued sick leave either in time off or pay shall be granted. It is recognized that sick leave utilization is not considered as a right which may be used at Employee's discretion, but sick leave may be used for actual personal sickness of or injury to Employee or an Employee's family member as defined below, and for medical, dental, and vision care appointments.

2. Accrual Rate. Employees shall accrue sick leave in the amount of eight (8) hours per month.

3. Utilization Rate. Sick leave shall be deducted from Employee's total amount of accrued sick leave on an hour-for-hour basis. If Employee utilizes all of his or her accrued sick leave and is still unable to return to work due to illness or injury, such Employee shall automatically be placed on leave without pay, subject to the time restrictions set forth in AP&P 13-24, unless Employee advises the Finance Office to charge the additional sick time off against Employee's accrued vacation balance, if any.

4. Utilization for Illness of Family Members. Employees may use their accrued sick leave for illness of family members, up to the maximum amount credited to Employee's sick leave account. For purposes of this Subsection, "family member" includes Employee's spouse, registered domestic partner, children, step-children, parents, step-parents, and parents-in-law. For the purposes of this benefit, Employees may request the extension of "family member" designation to others for whom they are responsible for providing care in case of illness. Such request shall be in writing and shall be submitted to the City's Human Resources and Risk Management Office for approval.

5. Notification Procedure. Employees who will be off work on sick leave shall notify their immediate supervisor in accordance with the appropriate Administrative Procedure and Policy.

6. Job-Related Illness or Disability. Employees who are off work as a result of a proven job-related illness or injury accepted by the City as a Workers' Compensation claim shall not have such time off charged against their accumulated sick leave.

7. Use of Accrued Sick Leave Prior to Effective Date of Ordinary Disability Retirement. Employees who are eligible to retire on an ordinary disability retirement, pursuant to the contract with the Public Employees' Retirement System, due to a non-job-related illness or injury shall be entitled to utilize any or all of their accrued sick leave prior to the effective date of such retirement from City employment. However, except as provided in 6.3.E.9, no compensation of any kind shall be made for any accrued sick leave which may remain credited to such Employees on or after such effective date.

8. Upon Service Retirement. Upon service retirement, accumulated sick leave shall be credited to Employee's retirement account in accordance with the provisions of the retirement plan referenced in 6.5. However, if Employee elects to convert any of such leave to cash pursuant to 6.3.E.9, Employee's retirement sick leave credit shall be reduced commensurately.

9. Sick Leave Conversion Upon Termination. Upon retirement or termination in good standing, Employees may convert accrued sick leave to cash in accordance with the following schedule:

Years of City Service	Maximum Conversion %	Maximum \$ Amount
0 – 5 years	0	0
5 – 10 years	15%	\$1,500
10 – 15 years	30%	\$3,000
Over 15 years	60%	\$5,000

10. Transfer of Sick Leave for Illness of Other City Employees.

Employees may transfer sick leave for illness of other City Employees in accordance with the provisions of City's AP&P.

F. Personal Time Off. Employees shall receive eighty (80) hours of personal time off (PTO) per calendar year. Any Employee who works less than full time or is hired or promoted into any of the job titles listed in Appendix "1" shall receive a prorated amount of PTO on a "percentage of year remaining" basis. Employees who leave City service prior to the end of the calendar shall receive no compensation for PTO on the Employees' payroll records. Any PTO not taken by the last day of the calendar year shall be removed, without compensation, from the Employee's payroll records.

6.4 VACATION

The City of Chico recognizes the value of Vacation for its employees. The City understands that there are positive health benefits associated with taking vacation, including lower levels of stress and improved productivity. In that vein, the City supports the use of vacation by its employees.

A. Accrual and Utilization - Generally.

1. Employees who have served City for a period of six (6) months or more shall be entitled to an annual vacation leave with pay. Such vacation leave shall be earned by Employees in accordance with the schedule set forth in Appendix "3", provided that such Employees, after satisfactorily completing six (6) months of service, shall be credited with vacation leave equal to the amount they would have accrued during a six-month period.

2. In the event an employee has greater than 300 hours of vacation accruals on the books, a manager may request that said employee schedule vacation days, not to exceed more than one (1) day of vacation per month, up to a maximum of no more than one half (1/2) of an employee's annual vacation accrual per calendar year. If, after requested by a Manager to schedule vacation, the employee does not comply, the manager may schedule vacation time off on behalf of the employee (not to exceed the limits listed above). Scheduling vacation by a

manager is not intended to be a punitive tool; it is meant to ensure that employees reap the benefits of vacation, including increased productivity and better mental and physical health.

B. Rate of Accrual. Employees shall accrue vacation credit in accordance with the schedule in Appendix “3”, entitled “Vacation Accrual Schedule”.

C. Termination of Additional Accrual. Employees shall cease to accrue additional vacation when their accumulated vacation leave balance is equal to the Maximum Accrued Balance identified for their accrual rate in the attached Appendix “3”. Accrual shall commence again when Employee’s accrued vacation balance drops below the maximum. Employee shall receive written notice from the Human Resources and Risk Management Office of such termination of additional accrual. If Employee is unable to utilize accrued vacation by reason of illness or disability, the City Manager shall approve a limited-time waiver of the termination of additional vacation accrual provisions, based on the written request of Employee.

D. Effect of Termination of Employment. Employees who terminate employment, or who are terminated, and who have completed satisfactorily at least six (6) months of service, shall be paid in lump sum for all accrued vacation earned prior to the effective date of their termination. The payment shall be determined by multiplying Employee's hourly rate of pay times the number of hours of accrued vacation credited to Employee at the time of termination. Employees with less than six (6) months of service shall not be paid for any accrued vacation. Permanent Employees who leave City employment in good standing, and who are subsequently rehired within twenty-four (24) months of their termination date, shall have their prior City service counted in determining length of service for vacation accrual. Such credit for prior service shall apply only to the vacation accrual benefit calculation.

E. Vacation Cash Out. During each calendar year of this contract term only, CNF Employees are eligible to cash out up to forty (40) hours of accrued and available vacation provided that employee has utilized at least forty (40) hours during the year of cash out request. By December 15th of each year, employees may request payment for part or all of the vacation cash out limit accrued in the following year. When requested, such payment shall be made on the

Employee's first paycheck in December of the following Calendar year. Payment for such hours will be made at the regular pay rate which was in effect at the time of payout. Vacation cash out hours requested in 2025 for 2026 payment will be honored even if those hours are above the currently allotted forty hours.

6.5 RETIREMENT PLAN

A. Employee Contribution for Employees Hired Before January 1, 2013 or Classic Members. Employees hired before January 1, 2013, or those Classic Members, as defined by CalPERS, shall receive the 3% at age 60 retirement formula. Employees covered by this section 6.5.A shall contribute the employee contribution amount established by CalPERS for the 3% at 60 Pension Formula. The required employee contribution as of the date of this MOU was eight percent (8%). The City shall not pay any portion of the required employee contribution.

B. Employee Contribution for Employees Hired On or After January 1, 2013 or New Members. Employees hired on or after January 1, 2013, shall receive the 2% at age 62 retirement benefit formula. Employees covered by this section 6.5.B shall contribute the employee contribution rate of fifty percent (50%) of normal costs as established by CalPERS. The City shall not pay any employee contribution. Employees covered by this section 3.5.B who are classic members as defined by CalPERS may be eligible for a different pension formula, pursuant to 6.5.A above.

C. CalPERS Election about Member's Payment of City's Pension Costs. The parties acknowledge that CalPERS mandates an election of CNF unit members, separate from ratification of this MOU, to provide for the cost sharing pursuant to Government Code Section 20516 described in Section 6.5.D. CNF unit member contributions will be made pursuant to Government Code Section 20516, and shall extend beyond the expiration of this MOU. The CNF and the City will take all actions necessary to implement the Government Code Section 20516 pension cost sharing agreement described in Section 6.5.D.

D. Employee Cost Sharing of Additional Benefits. Each bargaining unit member covered by this MOU shall pay, through payroll deduction, an additional three percent (3%) of PERSable compensation towards the City's costs, in addition to the amounts specified in 6.5.A. and B., toward the normal costs of pension benefits as permitted by Government Code Section 20516, and shall extend beyond the expiration of this MOU. If the contract amendment between the City and CalPERS is not completed as described in Section 6.5.C., the cost sharing, as described in this section, shall be implemented outside of a CalPERS contract amendment as authorized by Government Code Section 20516(f), and shall extend beyond the expiration of this MOU.

E. City Contribution. City agrees to pay the benefit contribution rate as established by that certain "Contract Between the Board of Administration, Public Employees' Retirement System and the City Council of the City of Chico" which was in effect on July 1, 2002, and to abide by all terms and conditions as established by such Contract so long as the contract exists between City and CalPERS.

F. Consistency with PEPRA. It is the intent of the parties that the terms set forth herein be consistent with the provisions of PEPRA, as it may be amended from time to time and, in the event of any inconsistency, that the provisions set forth in PEPRA shall prevail.

G. Special Compensation. All specialty pays and special compensation will be reported to CalPERS in accordance with State Law.

6.6 VARIOUS BENEFITS

A. Floating Holiday. Employees shall accrue two (2) days, or sixteen (16) hours, of Floating Holiday leave on January 1 of each year. Employees hired after October 1 of the calendar year shall not accrue Floating Holiday leave during the calendar year of their hire. Employees hired between January 1 and September 30 of the calendar year shall accrue two (2) days, or sixteen (16) hours, of Floating Holiday leave at the time of their hire. Promoted or transferred Employees who have previously accrued Floating Holiday while represented by another City bargaining unit will be allowed to retain any remaining hours of Floating Holiday

for their use as a Confidential Employee, but shall not accrue a second allotment of Floating Holiday time. Any Floating Holiday leave not utilized by the last day of the calendar year shall be removed, without compensation, from the Employee's payroll records. Employees who terminate with unused accrued Floating Holiday leave shall not be eligible to receive payment for such leave.

B. Employee Assistance Program. City agrees to provide counseling services to Employees at City's cost, in accordance with the provisions of City's AP&P No. 13-15. City retains the right to annually select the counseling service provider for the ensuing fiscal year in accordance with City's purchasing system.

C. Section 125 Plan. The Section 125 Plan established pursuant to Sections 105, 125 and 129 of the Internal Revenue Code of 1986, as amended, allows Employees who make a contribution for medical, dental, and vision insurance coverage to make that contribution on a pre-tax basis through the Plan. City shall pay the costs to establish and maintain the Section 125 plan, however, if Employees wish to access other benefits (such as Dependent Care Plan or Medical Flexible Spending Account Plan), the Employee shall be responsible for any additional fees related to those benefits.

D. FICA-Medicare Contribution. The Federal Insurance Contributions Act (FICA) mandates that employees hired after April 1, 1986, be covered by and make payroll contributions for the Medicare portion of the Act at a rate of 1.45% of salary. City is also required to contribute 1.45% of salary for such coverage.

6.7 BENEFITS - PERMANENT PART-TIME POSITIONS

Permanent Part-Time Employees shall receive pro-rated benefits based on their regular schedule, including sick, vacation, bereavement, floating holiday, personal time off, and holiday leaves; medical, dental, Jury Duty Pay, and Childbirth or Adoption Leave; and all other benefits provided under this MOU to other covered Employees. Proration of benefits shall be based on the percentage of the forty (40) hour work week an Employee is regularly scheduled to work, for all benefits except medical and dental insurance. Medical, or opt-out, and-dental benefits shall

only be prorated if an Employee works less than thirty (30) hours a week. The proration of benefits shall not be modified in response to temporary adjustments to the work schedule. Should an adjustment to the work schedule exceed ninety (90) days, the proration of benefits will be adjusted to the modified level following the first ninety (90) days, and will be returned to the original proration as soon as the modified schedule ends.

ARTICLE SEVEN: WORKING CONDITIONS AND JOB SHARING

7.1 Work Week

A. Established. Employees shall have a work week of not less than 40 hours which shall begin at 12:00 midnight on Saturday and shall extend to the next following Saturday at 12:00 midnight, unless an alternative schedule is in place pursuant to 7.1.E, entitled “Flexible Work Schedule,” below.

B. Hours. Employees work hours shall be Monday through Friday, 8:00 a.m. to 5:00 p.m. However, upon approval of their Department Head and the City Manager, Employees may be authorized to work a flexible shift with the work hours falling between 7:00 a.m. and 6:00 p.m. Such approval shall be solely at the discretion of City.

C. Hours and Shift Modification. City retains the right in its sole discretion to assign Employees to work hours and/or work shifts different from their regular hours provided that City agrees to provide Employees with a seven (7) calendar day advance notice of such change, except in the event of an emergency, in which case hours and shifts may be modified immediately to meet the needs of the public health, safety, and welfare. Employees may request or agree to a waiver of the seven (7) calendar day advance notice, provided that such request or agreement is made in writing to the Human Resources and Risk Management Office. If the workload requirements or other needs of City make it necessary for an Employee to begin work earlier than his or her assigned work hours, or to work hours outside of such assigned work hours, the City Manager may approve, upon the request of the Employee, day-to-day modifications of Employee's regularly assigned work hours.

D. Work Breaks; Lunch Break. During each work shift, Employees shall be entitled to take two (2) fifteen (15) minute work breaks and a one (1) hour meal break, to be taken at such times as are determined by Employee's supervisor. Should the needs of the City, emergencies or other unusual circumstances cause Employees not to be able to take a work

break, or Employee voluntarily chooses not to take a work break, Employees shall not be entitled to accumulate or save such lost work break for use at another time.

E. Flexible Work Schedules. City Manager, or City Manager's designee, may approve upon the request of Employee, modification of Employee's daily work hours, in order to provide Employee with a flexible work schedule. In determining whether or not to approve such request, City Manager, or City Manager's designee, will consider the recommendation of Employee's Department Head and the needs of City, with due regard for the wishes of Employee.

Confidentials agree that Employees who are enrolled in City-approved educational course work or training programs, or who wish to participate in an alternative work schedule as approved by their Department Head, may agree to modifications in their daily work hours or work week, including waiver of the meal break and overtime pay requirement of this MOU which are necessary for such course work, training programs, or alternative work schedule without additional approval from Unit.

City Manager, with sole discretion, shall have the right to modify or terminate any flexible work schedule, with a 30-day written notification to Employees.

7.2 Job Sharing.

A permanent, non-probationary Employee may request to share the hours, wages and benefits of a single position with another permanent or hourly exempt Employee for a specified period of time. Such shared position and the pro-ration of benefits and other conditions established shall be referred to as "job share."

A. Job Share Request. A job share request must be submitted through Employee's immediate supervisor, to Employee's Department Head. The supervisor and Department Head shall give consideration to such request, but are not obligated to accept or implement Employee's proposal. If the Department Head does not concur with the request, Employee shall be so notified, and shall have no right to grieve such denial. Should Department Head concur with Employee's request, the request shall be submitted to the City Manager for consideration. The

City Manager shall review and consider the request of Employee to job share and make a determination as to whether such job share is in the best interests of City, and notify the requesting Employee and Department Head of that decision. Employee shall have no right to grieve the determination of City Manager. A request to job share shall not be approved if it results in any measurable increase in cost to City for the position.

B. Job Share Agreement. A job share agreement will be developed between City, Confidentials, and the two Employees who will be participating in the job share. That agreement shall provide for a specific sharing of work schedule, and benefits. The following general rules shall apply to such job share agreements:

1. Set period of time. Each agreement will provide for a set period during which the agreement shall be valid, and shall also provide for the time frames and conditions under which the agreement may be terminated. Such agreement may be modified or extended at Employees' request, with the approval of City Manager.

2. Pro-ration of benefits and seniority. Each agreement will establish the basis for pro-ration of all benefits and seniority provided under this MOU. The probationary period and accumulation of vacation eligibility and seniority shall be generally pro-rated based on number of hours worked. Benefits to be pro-rated include, but are not limited to, sick, vacation, bereavement, and holiday leaves; medical, dental, vision, life and long-term disability insurance; Counseling, Educational Reimbursement, Jury Duty Pay, and Childbirth/Adoption Leave; Sick Leave Conversion at retirement, tool allowance, driver licenses reimbursement; and all other benefits.

3. Schedule. Each agreement will identify a work schedule and identify the commitment of each participating Employee to work when the other Employee is absent.

4. Retention of Property Right to the Position. The agreement will identify which Employee(s) shall retain property rights to the position that is shared. Should the job share participants elect to share the property rights to the position, neither will have the right to continue in the position should the job share agreement be terminated. An Employee who

leaves a permanent position to share another position shall have no right to return to the original position should the job share be terminated, but may be placed in another vacant permanent position for which Employee is qualified if one is available.

5. Identity of Job Share Employees. The agreement will identify the employment status of the Employees participating in the job share. Permanent non-probationary Employees are eligible to participate. City will also consider proposals for job share of a permanent position between a permanent and an hourly exempt Employee so long as the conditions of the agreement are consistent with City's rules regarding use of hourly exempt Employees.

6. Exceptions. The City Manager shall have the authority to make exceptions to the provisions specified in this Section when it is in City's and Employees' best interests to do so.

C. Lay-off Procedures. Employees who are participating in a job share shall have their total seniority adjusted as provided for in 7.2.B.2. Additionally, the job share agreement may specifically limit the Employees' rights within the lay-off and personnel reduction procedures provided for in City's Personnel and Employee Representation Rules Sections 2R.72.140.E. and F.

ARTICLE EIGHT: SPECIAL PROVISIONS

8.1 Military Training Notification. Employees who are members of a military reserve and/or National Guard Unit shall provide City with a schedule of the employee's military reserve or National Guard meetings and/or summer camp assignment dates as soon as such schedules are available to the employee, but no later than the next working day following their notification from the military unit. Such Employees shall provide City with a copy of military orders for active duty training as soon as such orders are available.

8.2 Safety.

A. Safety Rules. City recognizes its responsibility to and will provide safe workstations, equipment and tools. Employees shall abide by adopted rules and regulations regarding the usage of safety equipment and the utilization of safe working operations and procedures. Any Employee in violation of such safety rules and regulations shall be disciplined in accordance with the appropriate provisions of City's Personnel and Employee Relations Rules.

B. Workstations, Equipment, and Tools. City recognizes its responsibility to and will provide safe workstations, equipment, and tools.

C. Video Display Terminal Equipment. In order to provide a safe and healthy workplace for its Employees, City agrees to purchase video display terminal equipment that is safe and efficient to use and prevents health hazards such as eye strain and eye fatigue. City will provide instruction in the proper operation and adjustments of video display terminals and video display terminal workstation equipment. It is agreed between the parties to this MOU that issues of safety relating to video display terminals and workstation equipment shall be referred to City-wide Safety Committee for review and recommendation.

D. Safety Committees.

1. City-Wide Safety Committee. City and Union recognize the previous establishment of a City-wide safety and loss control program for the benefit of Employees and


City and to comply with the requirements of State law and the California Joint Powers Risk Management Authority, of which City is a member. Such program includes a consolidated safety and loss control committee consisting of members of each departmental safety committee and headed by City Human Resources and Risk Management Office. Such committee will discuss safety and health conditions and loss prevention measures applying to City organization as a whole, and those safety and health concerns which cannot be resolved by departmental safety committees.

2. Departmental Safety Committees. City and Union recognize the previous establishment of departmental safety committees comprised of Employees. Said committees shall meet on a regularly scheduled basis, no less often than quarterly, and shall maintain minutes of such meetings. Such committees shall discuss safety and health conditions and shall provide written suggestions to City regarding methods of safe operations and procedures and the identification of hazardous procedures and equipment.


8.3 Defense of Employee from Civil Actions or Proceedings. City agrees to defend Employees from civil actions or proceedings in accordance with the applicable provisions of the California Government Code.

Signed and dated as follows:

For Confidential Employees:




Karen Allison (Date) 03/25/2026



Melanie Nichols (Date) 03/25/2026


For the City of Chico:



Mark Sorensen* (Date) 03/29/2026
Mark Sorensen (Mar 29, 2026 19:07:45 PDT)
City Manager

* Authorized pursuant to Chico Municipal Code 2R.04.060

APPROVED AS TO FORM:



Ryan R. Jones, City Attorney*
*Approved pursuant to The Charter of the City of Chico §906 (E)

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF CHICO
AND
CONFIDENTIALS (CNF)
REGARDING PAY, HOURS, AND OTHER TERMS AND
CONDITIONS OF EMPLOYMENT FOR THE PERIOD OF JANUARY 1, 2026 - DECEMBER 31, 2027
(2026 MOU - CNF)**

APPENDIX "1"

PAY SCHEDULE FOR EMPLOYEES

EFFECTIVE: April 19, 2026 (4.5% General Salary Increase)

	HOURLY PAY RATES							BIWEEKLY PAY RATE		ANNUAL PAY RATE	
	A	B	C	D	E	F	G	MINIMUM	MAXIMUM	MINIMUM	MAXIMUM
	Accounting Technician	\$26.85	\$28.19	\$29.60	\$31.08	\$32.63	\$34.26	\$35.97	\$2,148.00	\$2,877.60	\$55,848.00
Administrative Assistant	\$23.33	\$24.50	\$25.73	\$27.02	\$28.37	\$29.79	\$31.28	\$1,866.40	\$2,502.40	\$48,526.40	\$65,062.40
Administrative Specialist	\$30.45	\$31.97	\$33.57	\$35.25	\$37.01	\$38.86	\$40.80	\$2,436.00	\$3,264.00	\$63,336.00	\$84,864.00
City Clerk Technician	\$23.33	\$24.50	\$25.73	\$27.02	\$28.37	\$29.79	\$31.28	\$1,866.40	\$2,502.40	\$48,526.40	\$65,062.40
Deputy City Clerk	\$35.37	\$37.14	\$39.00	\$40.95	\$43.00	\$45.15	\$47.41	\$2,829.60	\$3,792.80	\$73,569.60	\$98,612.80
Executive Assistant	\$24.50	\$25.72	\$27.01	\$28.36	\$29.78	\$31.27	\$32.83	\$1,960.00	\$2,626.40	\$50,960.00	\$68,286.40
Finance Analyst	\$26.85	\$28.19	\$29.60	\$31.08	\$32.63	\$34.26	\$35.97	\$2,148.00	\$2,877.60	\$55,848.00	\$74,817.60
Human Resources Analyst*	\$34.30	\$36.01	\$37.81	\$39.70	\$41.69	\$43.77	\$45.96	\$2,744.00	\$3,676.80	\$71,344.00	\$95,596.80
Human Resources Technician	\$24.96	\$26.21	\$27.52	\$28.90	\$30.35	\$31.87	\$33.46	\$1,996.80	\$2,676.80	\$51,916.80	\$69,596.80
Office Assistant	\$19.61	\$20.59	\$21.62	\$22.70	\$23.84	\$25.03	\$26.28	\$1,568.80	\$2,102.40	\$40,788.80	\$54,662.40
Payroll Technician	\$30.45	\$31.97	\$33.57	\$35.25	\$37.01	\$38.86	\$40.80	\$2,436.00	\$3,264.00	\$63,336.00	\$84,864.00

EFFECTIVE: January 10, 2027 (4.5% General Salary Increase)

	HOURLY PAY RATES							BIWEEKLY PAY RATE		ANNUAL PAY RATE	
	A	B	C	D	E	F	G	MINIMUM	MAXIMUM	MINIMUM	MAXIMUM
	Accounting Technician	\$28.06	\$29.46	\$30.93	\$32.48	\$34.10	\$35.80	\$37.59	\$2,244.80	\$3,007.20	\$58,364.80
Administrative Assistant	\$24.40	\$25.62	\$26.90	\$28.24	\$29.65	\$31.13	\$32.69	\$1,952.00	\$2,615.20	\$50,752.00	\$67,995.20
Administrative Specialist	\$31.83	\$33.42	\$35.09	\$36.84	\$38.68	\$40.61	\$42.64	\$2,546.40	\$3,411.20	\$66,206.40	\$88,691.20
City Clerk Technician	\$24.40	\$25.62	\$26.90	\$28.24	\$29.65	\$31.13	\$32.69	\$1,952.00	\$2,615.20	\$50,752.00	\$67,995.20
Deputy City Clerk	\$36.96	\$38.81	\$40.75	\$42.79	\$44.93	\$47.18	\$49.54	\$2,956.80	\$3,963.20	\$76,876.80	\$103,043.20
Executive Assistant	\$25.61	\$26.89	\$28.23	\$29.64	\$31.12	\$32.68	\$34.31	\$2,048.80	\$2,744.80	\$53,268.80	\$71,364.80
Finance Analyst	\$28.06	\$29.46	\$30.93	\$32.48	\$34.10	\$35.80	\$37.59	\$2,244.80	\$3,007.20	\$58,364.80	\$78,187.20
Human Resources Analyst*	\$35.84	\$37.63	\$39.51	\$41.49	\$43.56	\$45.74	\$48.03	\$2,867.20	\$3,842.40	\$74,547.20	\$99,902.40
Human Resources Technician	\$26.09	\$27.39	\$28.76	\$30.20	\$31.71	\$33.30	\$34.97	\$2,087.20	\$2,797.60	\$54,267.20	\$72,737.60
Office Assistant	\$20.48	\$21.50	\$22.58	\$23.71	\$24.90	\$26.15	\$27.46	\$1,638.40	\$2,196.80	\$42,598.40	\$57,116.80
Payroll Technician	\$31.83	\$33.42	\$35.09	\$36.84	\$38.68	\$40.61	\$42.64	\$2,546.40	\$3,411.20	\$66,206.40	\$88,691.20

*Positions are classified as exempt under the provisions of FLSA. Exempt positions are paid on an annual salary based on the hourly rates set forth above.

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(2026 MOU - CNF)**

APPENDIX “2”

MEDICAL AND DENTAL INSURANCE CARRIERS AND CONTRIBUTIONS

I. CARRIERS

Employees shall be covered by the medical and dental insurance carriers on file with the Human Resources and Risk Management Office.

II. CITY CONTRIBUTIONS

The City shall make the following maximum contribution per month toward the monthly premium rate for City's employee group medical and dental insurance plans, as defined herein. The amount of the Employee's contribution shall vary based on the medical plan selected by the Employee. In the event that the actual monthly premium is less than the maximum contribution set forth below, City's contribution shall be the actual monthly premium amount and Employees shall not be required to make a contribution. Any premium costs in excess of the City's contribution shall be paid by Employee.

Effective January 1, 2026

MEDICAL						
City Contribution						
	EPO	PPO 90/10		PPO 80/20	HDHP	HSA
Single	797.29	797.29		591.81	598.00	78.14
Double	1,720.64	1,718.89		1,254.33	1,276.00	125.02
Family	2,204.53	2,203.66		1,626.8	1,647.00	156.27
Employee Contribution						
	EPO	PPO 90/10		PPO 80/20	HDHP	HSA
Single	125.71	125.71		261.19	0.00	---
Double	245.36	245.11		555.67	0.00	---
Family	324.47	324.34		704.20	0.00	---
DENTAL		PPO	PPO BUY-UP	VISION		
City Contribution						
Single		58.13	58.13		5.47	
Double		58.13	58.13		5.47	
Family		58.13	58.13		5.47	
Employee Contribution						
Single		19.37	51.27		0.00	
Double		19.37	51.27		4.66	
Family		19.37	51.27		10.24	

Health benefit premiums shall be shared proportionately between the City and CNF based on the percent of the total premium cost used for current year premium contributions/deductions. It is understood that premium cost sharing is based on a proportionate percentage as defined below.

CITY OF CHICO CONTRIBUTIONAMOUNTS						EMPLOYEE CONTRIBUTION AMOUNTS					
	EPO	90/10	80/20	HDHP	Dental		EPO	90/10	80/20	HDHP	Dental
EE Only	86.38%	86.38%	69.38%	100.00%	75.00%	EE Only	13.62%	13.62%	30.62%	0.00%	25.00%
EE + 1	87.52%	87.52%	69.30%	100.00%	75.00%	EE + 1	12.48%	12.48%	30.70%	0.00%	25.00%
Family	87.17%	87.17%	69.79%	100.00%	75.00%	Family	12.83%	12.83%	30.21%	0.00%	25.00%

III. EMPLOYEES NOT REQUIRED TO PARTICIPATE IN CITY’S INSURANCE PLAN.

Employees who have alternative group medical insurance coverage will not be required to participate in City’s medical insurance plan. Employees are required to provide verification of such alternative coverage to the Human Resources Office during the open enrollment period. Employees continue to provide verification during the open enrollment period in all subsequent years that Employees choose to opt out of City’s medical insurance plan. Employees who opt out of City’s medical insurance plan shall receive a payment of \$200.00 per month as cash to the employee. Employees who lose their alternative coverage shall be allowed to immediately enroll in City’s medical insurance plan, and shall no longer receive the \$200.00 per month payment.

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APPENDIX "3"

VACATION ACCRUAL

Permanent, full-time Employees shall accrue vacation credit in accordance with the following schedule:

Length of Service	Bi-weekly Accrual Rate	Annual Accrual Rate	Max Accrual Balance
7th month through 36th month	3.08	80.08	320
37th month through 96th month	4.62	120.12	320
97th month through 108th month	4.93	128.18	320
109th month through 120th month	5.23	135.98	340
121st month through 132nd month	5.54	144.04	360
133rd month through 144th month	5.85	152.10	380
145th month through 156th month	6.16	160.16	380
157th month through 168th month	6.47	168.22	380
169th month through 180th month	6.78	176.28	380
181st month through 192nd month	7.09	184.34	380
193rd month through 204th month	7.39	192.14	380
205th month and forward	7.69	199.94	380