**CITY OF CHICO**
**EMPLOYMENT AGREEMENT**
**DEPUTY CHIEF - FIRE**

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into on October 18, 2026, by and between the City of Chico, State of California, a municipal corporation (the "City") and Philip Stelle ("Employee"). The City and Employee may be collectively referred to herein as the "Parties".

**WHEREAS**, Employee currently serves as a Fire Captain for the City; and

**WHEREAS**, the City desires to employ Employee as Deputy Chief - Fire of the City, and to perform such related duties and functions;

**WHEREAS**, Employee desires to serve as Deputy Chief - Fire;

**WHEREAS**, the City and Employee desire to agree in writing to the terms and conditions of Employee's employment as Deputy Chief - Fire.

**NOW, THEREFORE**, the Parties hereto agree as follows:

Section 1. EMPLOYMENT.

City agrees to employ Employee to perform the following services:

a. Employee agrees to serve as the Deputy Chief - Fire, responsible for assisting the Fire Chief in directing, planning, supervising, and coordinating the operational, administrative, training and personnel activities of the Fire Department; provide highly responsible and technical staff assistance to the Fire Chief; to assist in development and implementation of initiatives to accomplish the department's strategic goals and to serve as Acting Fire Chief in the Fire Chief's absence.

b. Employee shall perform the duties of the position, as described in the job description for Deputy Chief - Fire and the Chico Municipal Code. Employee shall perform the duties of his position to the best of the Employee's ability and in accordance with the professional and ethical standards of the profession and shall comply with all general rules and regulations established by the City.

c. Employee shall not engage in any activity which is or may become a conflict of interest, prohibited contract, or which may create an incompatibility of office as defined under California law. Employee shall comply fully with the reporting and disclosure obligations under regulations promulgated by the Fair Political Practices Commission (FPPC) and the City's Conflict of Interest Code.

d. Employee agrees to remain in exclusive employ of the City during the term of this agreement.

Section 2. TERM, TERMINATION

The term of this Agreement shall commence on October 18, 2026, and shall continue until terminated by either Employee or City as follows:

a. Employee may terminate this Agreement at any time upon providing fourteen (14) days advance written notice to the City.

b. The City may terminate this Agreement at any time upon the City Manager providing notice to Employee of the effective date of the termination.

Employee understands, acknowledges and agrees that the position for which City is hiring Employee is an at-will position which is not within the classified service of the City and that the City may terminate this Agreement at any time with or without advance notice and that there is no express or implied promise made to Employee for any form of continued employment.

In the event Employee's employment with the City is terminated, City shall pay employee any accrued and unpaid salary and the cash value of any accrued vacation leave, all subject to federal and state withholding requirements. Such amount shall be paid within thirty (30) days of the Employee leaving City employment.

Section 3. SEVERANCE BENEFIT.

In the event this Agreement is terminated by the City, a severance benefit of three (3) months shall be provided to Employee.

In the event this Agreement is terminated for cause, Employee shall not receive the severance provided for in this section.

Notwithstanding any other provision contained in this Agreement, the City may terminate this Agreement at any time for cause. For purposes of this Agreement, "cause" shall be deemed to include:

1) Any material act of dishonesty committed against the City by Employee;
2) The conviction of a misdemeanor or a felony;
3) The violation of any fiduciary duty or duty of loyalty owed to the City;
4) The violation of Federal laws, State laws, County and City ordinances and policies;
5) Egregious misconduct involving moral turpitude to such an extent that, in the reasonable judgment of the City Manager, such misconduct substantially impairs Employee's ability to effectively perform his/her duties under this agreement; and
6) The willful and continued failure of Employee to substantially perform his/her material duties and responsibilities under this Agreement (other than as a result of incapacity due to disability as defined in this Agreement) after written demand for substantial performance of such duties and responsibilities is delivered to Employee that identifies the manner in

which the City Manager believes that Employees has not substantially performed his duties.

Section 4. PERFORMANCE EVALUATION.

The Fire Chief shall evaluate Employee's performance annually and may, in addition, establish goals and performance objectives to be accomplished during the next year and used as one basis for the next performance evaluation. Satisfactory performance, as determined by the Fire Chief, shall be a prerequisite for any merit salary adjustment.

Section 5. SALARY.

a. Base Salary. Effective October 18, 2026, City agrees to pay Employee an annualized base salary at the rate of one hundred eighty-five thousand dollars ($185,000.00), payable bi-weekly, at the same time as other employees are paid and subject to customary withholding.

b. Merit Increases. Upon the conclusion of the annual evaluation by the Fire Chief of Employee's performance, the City Manager may increase Employee's base salary in an amount not to exceed five percent (5%) per year, subject to the maximum base salary identified in the current Budget Appendix B-1 Employee Pay Schedules. Such merit increases are not automatic and are at the discretion of the City Manager.

c. In the event Employee, in the course of their employment, is away from their official shift assignment and assigned to an emergency incident outside of City jurisdiction or pre-positioned for an emergency response outside of City jurisdiction, shall be compensated on a portal-to-portal basis. Portal to portal shall be defined as beginning at the time of dispatch to the return to jurisdiction when equipment and personnel are in service and available for City response. Employee shall receive any additional pay provided for the position in which they are assigned by the mutual aid agency that exceeds the amount paid to the Employee by the City for the same time period. Such payment shall be made only after receipt by the City of the reimbursement payment for such services. The payment to Employee shall be calculated by taking the reimbursement rate established by the mutual aid agency for the assigned position and subtracting the amount of the Employee's hourly rate of pay for the specific time period of service. Employee will receive the full amount of the reimbursement for those periods of the mutual aid assignment which fall outside of their regular established work week.

Section 6. BENEFITS.

Employee shall be entitled to the employment benefits as set forth in Exhibit "A" hereto. As used herein, "benefits" include, but are not limited to vacation, sick leave, paid holidays, management leave, retirement benefits and payments, health insurance, dental insurance, and life insurance. The benefits provided shall be the plans generally offered by the City to employees of the City as they exist at the date this contract is entered into and as may be amended or changed from time to time.

Section 7. PROFESSIONAL DEVELOPMENT.

The City Manager shall include an amount in the proposed budget for each year, consistent with the City's policies, to allow Employee to attend professional conferences, training programs, and to pay for Employee's dues in professional organizations and cost for certifications and certification materials.

Section 8. BONDING

Pursuant to Section 903 of the Charter, the City shall provide and bear the full cost of any fidelity or other bonds required of Employee under any law or ordinance.

Section 9. DEFENSE AND INDEMNIFICATION

a. The City shall provide a defense to Employee as to any claim, action, suit or proceeding against Employee for any tort, professional liability claim, or other cause or demand of a civil nature, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Employee's duties under this Agreement or resulting from the exercise of discretion by Employee in connection with the performance of Employee's duties and responsibilities under this Agreement, unless the act, omission, or exercise of discretion involved negligent, intentional, willful or wanton misconduct by Employee. The defense provided by the City shall continue until a final conclusion of the claim, action, suit or proceeding, including any appeals brought by any party.

b. The City shall indemnify Employee against any and all losses, damages (except punitive damages), judgments, interest, settlements, fines, court costs, and other reasonable costs and expenses of civil legal proceedings, including attorney's fees awarded against Employee, and any other liabilities incurred by, imposed upon, or suffered by Employee in connection with or resulting from any claim, action, suit or proceeding in which Employee is entitled to a defense by the City pursuant to subsection a., above. Any settlement of any such claim, action, suit or proceeding may only be made with prior approval of the City in order for indemnification, as provided in this section, to be available to Employee.

c. The City shall have no obligations of any kind to Employee under this Agreement as to any criminal matter in which Employee is a defendant.

Section 10. NOTICES.

Any notices required by this Agreement shall be in writing and either given in person or by first class mail with postage prepared and addressed as follows:

To City: Gillian Haen
City Manager
PO Box 3420
411 Main Street
Chico, CA 95927

To Employee: Philip Stelle
Deputy Chief - Fire
PO Box 3420
411 Main Street
Chico, CA 95927

Copy to: Ryan R. Jones
City Attorney
PO Box 3420
411 Main Street
Chico, CA 95928

Notice shall be deemed given as of the date of personal service or as of the date of deposit in the U.S. Postal Service.

Section 11. ASSIGNMENT.

This Agreement is not assignable by either City or Employee.

Section 12. SEVERABILITY.

If any provision or any portion of the Agreement is held to be illegal or void by a court having jurisdiction over the Parties, the remainder of this Agreement shall remain in full force and effect, unless the parts found to be void are wholly inseparable from the remaining portions of the Agreement.

Section 13. ENTIRE AGREEMENT.

This Agreement is the final expression of the complete agreement of the Parties with respect to the matters set forth herein and supersedes in their entirety all prior oral or written agreements. This Agreement cannot be modified except by written mutual agreement signed by the Parties.

Section 14. COUNTERPARTS.

This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute one and the same instrument.

City:

Gillian Haen (Oct 16, 2026 16:54:54 PDT)

Gillian Haen, City Manager*

Employee:

Phil Stelle
Phil Stelle (Oct 16, 2026 16:54:07 PDT)

Philip Stelle

*Authorized pursuant to CMC § 2R.04.490

**APPROVED AS TO FORM AND CONTENT:**



Ryan R. Jones, City Attorney*

*Authorized pursuant to CMC § 2R.04.490

# EXHIBIT A

Employee shall be entitled to the following leave benefits:

**Holidays –** Employee shall be entitled to observe all legal holidays recognized by the City on the days that they are observed by the City.

**Sick Leave –** Sick leave shall accrue, without limitation at the amount of eight (8) hours per month. Sick leave may be used for actual personal sickness of or injury to Employee or Employee's family member, and for medical, dental and vision care appointments. "Family member" includes a spouse, children, parent and any other relationship recognized by law (e.g.: step, in-law, etc.). Time off work as a result of approve job-related illness shall not be charged against accumulate sick leave.

Sick leave shall be deducted from accrued sick leave on an hour-for hour basis. If Employee utilizes all of Employee's accrue disc leave and is still unable to return to work due to illness or injury, Employee shall automatically be placed on leave without pay, unless Employee advises the Administrative Services Department to charge the additional sick time against accrued vacation leave.

If Employee becomes eligible to retire on an ordinary disability retirement, pursuant to the City's contract with the Public Employees' Retirement System, due to a non-job-related illness or injury, Employee shall be entitled to utilize all o employee's accrued sick leave prior to the effective date of such retirement.

Upon termination of service, no compensation for accrued sick leave shall be made except that: 1) upon retirement or termination in good standing, Employee may, depending on years of City service, convert up to 60% of accrue sick leave to cash, in an amount not to exceed $5,000 (see Attachment 1 for schedule); and 2) upon a service retirement, accumulated sick leave shall be credited to Employee's retirement account in accordance with the provisions of the retirement plan referenced herein, expect that in the event of any election to convert such sick leave to cash, the retirement sick leave credit shall be reduced commensurately.

**Birth or adoption of a child –** In the event of the birth of the Employee's child or adoption of a child by an Employee, the 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. The 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. The Employee shall notify the City Manager as soon as possible after such births or adoption date as to which days Employee will be on birth or adoption leave.

**Bereavement leave –** If any member of the Employee's immediate family dies, Employee shall be entitled to a period of five (5) work days of leave with pay in accordance with AP&P 13-24.

**Vacation –** As of the date of this Agreement, Employee shall accrue vacation at the rate as set forth on Attachment 1 which sets forth the rate of accrual and maximum accrual rates. Employee's prior service with the City shall be used to establish the current rate of accrual.

**Floating Holiday –** Employee shall be entitled to one (1) day of floating holiday leave per calendar year. Floating holiday leave which is not used during a calendar year shall not carry over to the next year and any floating holiday leave not taken by December 31 of any year shall be removed, without compensation.

**Management Leave -** In addition to the other leaves granted herein, Employee shall be entitled to ninety-six (96) hours of management leave per calendar year. Management leave which is not used during a calendar year shall not carry over to the next year and shall be removed without compensation.

**Deputy Chief Coverage –** Employee shall receive a stipend of fifteen hundred dollars ($1,500.00) for a full twenty-four (24) hour shift coverage in relief of a Battalion Chief. Said coverage shall be limited to twenty (20) shifts per year. The limit may be extended as an extraordinary exception, as approved by the Fire Chief and the Deputy Director of Human Resources.

**INSURANCES**

**Life Insurance –** City agrees to provide Employee with term life insurance in the amount of one thousand dollars ($1,000) per each one thousand dollars ($1,000) in salary, and Employee's spouse and minor children with term life insurance in the amount of one thousand five hundred dollars ($1,500).

**Long-term disability insurance –** City agrees to pay its long-term disability insurance carrier sixty percent (60%) of the monthly premium cost of the long-term disability insurance plan for Employee with a minimum contribution of one percent (1%) of Employee's salary. Employee agrees to pay the remaining 40% of such monthly premium. If the total rate for the plan is less than the one percent (1%) minimum contribution set forth above, the City's contribution shall be the actual premium amount and Employee shall not be required to make a contribution.

City shall structure the manner in which the premium is paid so that the long-term disability insurance premium is considered a post-tax employee-paid contribution so that benefits which might be received by Employee would be treated as such for tax purposes.

**Vision insurance** - City agrees to provide Employee with vision insurance which provides vision care benefits to Employee only. Employee may purchase vision insurance coverage for Employee's spouse and dependent children at Employee's sole cost and expense through a bi-weekly payroll deduction of the additional premium amount.

**Medical and Dental Insurance** - City agrees to provide a maximum contribution toward medical and dental insurance as set forth in Attachment 2.

**Workers Compensation** - City agrees to provide workers' compensation insurance in accordance with all applicable provisions of State law. City shall provide Employee benefits pursuant to California Labor Code section 4850.

**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 their salary.

**RETIREMENT PLAN**

**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 50 retirement formula. Department Heads shall contribute Employee contribution amount established by CalPERS for the 3% at 50 Pension Formula. The required employee contribution as of the date of this agreement was nine percent (9%). City shall not pay any portion of the required employee contribution.

**Employee Contribution for Employees Hired On or After January 1, 2013 or PEPRA Members**. Employees hired on or after January 1, 2013, or those PEPRA Members, as defined by CalPERS, shall receive the 2.7% at age 57 retirement formula. Department Heads shall contribute the employee contribution rate of fifty percent (50%) of the normal costs as established by CalPERS. City shall not pay any portion of the required employee contribution.

**CalPERS Election about Member's Payment of City's Pension Costs.** The parties acknowledge that CalPERS mandates an election of Department Heads, separate from ratification of this agreement, to provide for the cost sharing pursuant to Government Code Section 20516 described below. Department Head contributions will be made pursuant to Government Code Section 20516, and shall extend beyond this agreement. The Department Heads and the City will take all actions necessary to implement the Government Code Section 20516 pension cost sharing agreement described below.

**Employee Cost Sharing of Additional Benefits**. Each Department Head shall pay, through payroll deduction, an additional three percent (3%) of PERSable compensation towards the City's costs, in addition to the amounts specified above, toward the normal costs of pension benefits as permitted by Government Code Section 20516, and shall extend beyond this agreement. If the contract amendment between the City and CalPERS is not completed as described above, 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 this agreement.

**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 City Council of 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.

**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.

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

## RETIREE MEDICAL EXPENSE AND HEALTH INSURANCE TRUST

**1. Trust.** The "IAFF MERP" (Medical Expense Reimbursement Plan), managed by BPA Benefits, is established and administered independently for the purpose of providing retiree medical expenses and health insurance benefits. The City shall not participate in the administration, operation, investment management, or payment of benefits from the Trust.

**2. Employee Contribution.** The City shall withhold a contribution of one hundred dollars ($100.00) per pay period on a pre-tax basis, subject to applicable federal tax laws, from the pay of the Deputy Chief - Fire, provided that the Deputy Chief - Fire was promoted from the International Association of Fire Fighters (IAFF) bargaining unit and is eligible to participate in the IAFF MERP. The increase from fifty dollars ($50.00) to one hundred dollars ($100.00) per pay period shall be effective upon the commencement date of the Agreement. The City shall remit contributions monthly to the custodian of the IAFF MERP and provide any participant information reasonably required by the Trust administrator.

**3. Indemnity.** To the fullest extent permitted by law, the Deputy Chief - Fire agrees to indemnify and hold harmless the City and its officers, agents, and employees from any claims, costs, liabilities, or damages arising out of or relating to the administration, operation, or management of the Trust, including any act, omission, breach, or failure of the Trust or its trustees.

**4. No City Guarantee Regarding Benefit Payout After Funding.** The Deputy Chief - Fire acknowledges that participation in the Trust is voluntary and that all investment risk and the sufficiency of Trust assets to provide future benefits are solely the responsibility of the Trust. Nothing in this Agreement shall be construed as a guarantee by the City of any benefit payment or of the financial condition of the Trust. Payments from the Trust shall be limited to the assets available in the Trust and shall be governed by the applicable Trust and Plan documents.

## VEHICLE

In lieu of receiving a vehicle allowance, Employee may elect to receive use of an emergency equipped vehicle suitable for Employee's use while performing his duties as Deputy Chief - Fire.

Should Employee elect to utilize their person vehicle instead of a City-owned vehicle, the City shall pay Employee a vehicle allowance of four hundred dollars ($400) per month in lieu of any other mileage reimbursement for the purpose of owning, maintaining and insuring a personal vehicle. Employee must maintain in full force and effect a liability insurance policy covering such

vehicle and Employee's use thereof, with liability limits of at least five hundred thousand ($500,000) combined single limits. The payment of this vehicle allowance shall be for full months of employment during which the requirement for maintenance of a vehicle and insurance are met.

## ATTACHMENT 1

### VACATION ACCRUAL

Employee with hire date prior to December 31, 2013 shall accrue vacation leave in accordance with the following schedule:

| Length of Service | Bi-weekly accrual rate | Annual accrual rate | Maximum accrual balance |
|---|---|---|---|
| 7th through 96th month | 4.62 | 120.12 | 320 |
| 97th through 108th month | 4.93 | 128.18 | 320 |
| 109th through 120th month | 5.23 | 135.98 | 340 |
| 121st through 132nd month | 5.54 | 144.04 | 360 |
| 133rd through 144th month | 5.85 | 152.10 | 380 |
| 145th through 156th month | 6.16 | 160.16 | 400 |
| 157th through 168th month | 6.47 | 168.22 | 420 |
| 169th through 180th month | 6.78 | 176.28 | 440 |
| 181st through 192nd month | 7.09 | 184.34 | 460 |
| 193rd through 204th month | 7.39 | 192.14 | 480 |
| 205th month and forward | 7.69 | 199.94 | 500 |

### SICK LEAVE CONVERSION UPON TERMINATION

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 year | 60% | $5,000 |

## ATTACHMENT 2

### MEDICAL AND DENTAL INSURANCE CARRIERS AND CONTRIBUTIONS

City shall provide Employee with medical and dental insurance through the carrier or carriers with which City contracts to supply such insurance benefits for City employees.

**City Contributions** - The City and Employee shall each contribute to the City's cost of the health insurance premiums as set forth below.

**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 | 1720.64 | 1718.89 | 1254.33 | 1276.00 | 125.02 |
| Family | 2204.53 | 2203.66 | 1626.80 | 1647.00 | 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 | 555.61 | 0.00 | --- |
| Family | 324.47 | 324.34 | 704.20 | 0.00 | --- |

| | **DENTAL** | | **VISION** |
|---|---|---|---|
| **City Contribution** | | | |
| Single | 58.13 | | 5.47 |
| Double | 58.13 | | 5.47 |
| Family | 58.13 | | 5.47 |
| **Employee Contribution** | **PPO** | **PPO Buy-Up** | |
| 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 Employee 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 Contribution Amounts | | | | | | Employee Contribution Amounts | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **EPO** | **90/10** | **80/20** | **HDHP** | **Dental** | | **EPO** | **90/10** | **80/20** | **HDHP** | **Dental** |
| **EE Only** | 86.38% | 56.43% | 69.38% | 100.00% | 75.00% | **EE Only** | 13.62% | 43.57% | 30.62% | 0.00% | 25.00% |
| **EE + 1** | 87.52% | 56.14% | 69.30% | 100.00% | 75.00% | **EE + 1** | 12.48% | 43.86% | 30.70% | 0.00% | 25.00% |
| **Family** | 87.17% | 56.74% | 69.79% | 100.00% | 75.00% | **Family** | 12.83% | 43.26% | 30.21% | 0.00% | 25.00% |

**Subsequent Premium Increases:** In the event that the City's premium rates increase in the future, City and Employee shall negotiate regarding the amount of the City and Employee share of those increased premiums. In the event an agreement as to such contribution rates is not reached prior to increased rates becoming effective, the dollar amount of the City's share shall remain as set forth above and the Employee shall pay the increased amount until a different agreement is reached.

**Employee not Required to Participate in City's Insurance Plan:**
If employee has alternative group medical insurance coverage, Employee is not required to participate in City's medical insurance plan. In order to opt out of coverage under the City's medical insurance plan, Employee is required to provide verification of such alternative coverage to the Human Resources Office during an enrollment period and must continue to provide verification of coverage of another plan during the open enrollment period in all subsequent years that Employee chooses to opt out of City's medical insurance plan. At any time during which Employee opts out of City's medical insurance plan, Employee shall receive a payment of $200 per month as cash to the Employee.

If Employee ceases to be covered by alternative coverage at any time, Employee shall be required to immediately enroll in City's medical insurance plan.