



SANTA CRUZ METROPOLITAN TRANSIT DISTRICT

MANAGEMENT COMPENSATION POLICY

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SANTA CRUZ METRO MANAGEMENT COMPENSATION POLICY

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I. MANAGEMENT POSITIONS

An employee whose salary and benefits are identified in this Management Compensation Policy is engaged in developing, implementing or recommending policy, involved in executive level decisions or in decisions affecting employer-employee relations, and shall receive wages and benefits as provided for in this Policy and applicable salary schedules adopted by the Board of Directors ("Board") of the Santa Cruz Metropolitan Transit District ("Santa Cruz METRO" or "METRO").

All METRO policies and Rules and Regulations apply to such employees unless otherwise modified by the Policy. This Management Compensation Policy represents a Board approved Policy, not a contract with employees covered by the Policy. From time-to-time, Policy changes may be submitted to the Board for their consideration and possible approval.

II. PROBATIONARY STATUS

An employee shall serve a probationary period for twelve (12) months following the date of appointment or promotion to a regular budgeted management position.

III. SALARY ADMINISTRATION PLAN

A. In order to avoid regularly updating the Management Compensation Policy, please refer to the most current Management Compensation Wage Scale adopted by the Board.

The management salary administration program at METRO was created to achieve consistent pay practices, comply with federal and state laws, reflect METRO's commitment to Equal Employment Opportunity, and stay competitive in the labor market so METRO can attract and retain top talent. Because recruiting and keeping skilled employees is essential to METRO's success, METRO strives to pay equitable wages that align with each position's duties and responsibilities, and match compensation received by comparable employees in other public organizations in the same geographic region.

Compensation for management positions is determined by several factors, including job analysis and evaluation, the essential duties and responsibilities for each role, and salary survey data and compensation practices at peer agencies. METRO reviews its management salary administration program and restructures it as necessary. A typical practice of evaluation involves conducting a study periodically, such as every 3-5 years, or as needed. A typical type of study would be an internal equity study and/or full classification and compensation studies that benchmark against comparable public agencies.

B. Longevity

Santa Cruz METRO shall compensate an employee with longevity increments as follows:

Employees covered by the Policy as of December 31, 2021:

- 5.0% of the base salary after ten years continuous service
- An additional 5.0% of the base salary after fifteen years continuous service

Employees hired on or after January 1, 2022:

- 5.0% of the base salary after fifteen years continuous service
- An additional 5.0% of the base salary after twenty years continuous service

IV. HEALTH & WELFARE BENEFITS

A. Medical Insurance

Santa Cruz METRO shall provide medical insurance coverage for an employee, retiree and eligible dependents under the provisions of CalPERS. Effective the first pay period covering CY2022 Medical Plans, METRO shall pay 95% of the monthly premium for the Public Employees' Medical & Hospital Care Act (PEMHCA) Medical Insurance Program Plan selected by the employee/retiree and their eligible dependents. Santa Cruz METRO will continue to offer the H-Care Plan (IRC Section 125 pre-tax medical reimbursement plan) as allowed by the County of Santa Cruz.

An employee who declines participation in Santa Cruz METRO's medical insurance program and produces satisfactory evidence of other medical insurance coverage shall be paid \$1000 for each full three calendar month quarter beginning January 1 of each year while in active service and in which Santa Cruz METRO paid coverage would have been provided had Santa Cruz METRO's medical program been elected.

B. Dental Insurance

Santa Cruz METRO shall provide paid dental insurance coverage for an employee and eligible dependents.

C. Vision Insurance

Santa Cruz METRO shall provide paid vision insurance coverage for an employee and eligible dependents.

D. Life and AD&D Insurance

An employee shall be entitled to a \$50,000 term life and AD&D insurance policy paid by Santa Cruz METRO plus \$150,000 in optional supplementary life and AD&D insurance paid by the employee.

E. Survivor's Benefits

Upon the death of a covered employee who is on Santa Cruz METRO's payroll and has dependents covered under Santa Cruz METRO's medical, vision and dental plans; Santa Cruz METRO's share of coverage of the eligible dependents shall continue for twenty-six (26) consecutive pay periods.

F. Retirement Benefits

An employee shall be enrolled in the Public Employees Retirement System (PERS) including the third level 1959 Survivors benefit as allowed by PERS. Classic Employees shall pay the "employee share" of PERS up to a maximum of eight percent. PEPRAs employees shall contribute at the applicable contribution rate, based on periodic actuarial evaluations provided to METRO by PERS.

Dental, vision, and life insurance plan coverage shall be provided by Santa Cruz METRO for an employee retired under the provisions of PERS and the employee's dependents until the retired employee reaches age 65, provided that the retired employee continues to pay their monthly share of the cost of such benefits that was in effect at the time of their retirement, if any. Upon the retired employee's attainment of age 65, all METRO paid dental, vision, and life insurance will terminate. To qualify for this benefit, the retired employee shall have been an employee of Santa Cruz METRO for the equivalent of ten (10) full-time years immediately prior to the date of retirement and reached the age of 50 years.

The amount of the retired employee's monthly contribution towards their medical premiums will be consistent with the annual premium contribution amount specified for employees in the Management Compensation Policy in effect at the time of the individual's retirement.

Qualifying individuals who retired prior to July 1, 2005 shall continue to receive supplemental premium payments in accordance with Santa Cruz METRO's Retiree supplemental Premium Participation Plan adopted August 25, 2006.

The CEO/General Manager, at their sole discretion, may authorize the limited use of accruals when an employee covered by the Policy notifies the CEO/General Manager of their retirement. Generally, such use of accruals upon notification of retirement shall be limited to thirty (30) day maximum.

G. State Disability Insurance

Santa Cruz METRO shall provide paid coverage for an employee for State Disability Insurance.

H. Long Term Disability Insurance

Santa Cruz METRO shall provide for a long-term disability insurance plan (LTD). The plan shall provide for monthly payments to an eligible employee of up to \$10,000 per month. The plan eligibility benefits shall begin LTD the first of the month following one year after the date of hire.

I. Deferred Compensation Plan

Santa Cruz METRO shall provide a deferred compensation plan to an employee.

J. Industrial Injury

An employee shall be entitled to workers compensation insurance to be provided by Santa Cruz METRO.

K. Continuation of Insurance During an Unpaid Leave of Absence

An employee who is on an unpaid leave of absence exceeding one hundred eighty (180) calendar days must pay the total monthly premiums in advance to continue medical, dental and vision insurance coverage. Failure of an employee to make advance payments for insurance coverage shall result in the employee and any dependent(s) being dropped from the plans.

L. Registered Domestic Partner Coverages

Santa Cruz METRO medical, dental and vision insurance coverages may be extended to an employee's registered domestic partner (RDP) while the employee's own coverages are being paid by Santa Cruz METRO. In the absence of the PERS Medical Program allowing for RDP coverage, reimbursement of monthly premiums may be made to an individual medical plan to a maximum of \$185.

M. Holidays

An employee shall be entitled to the following holidays with pay:

Thanksgiving Day
Christmas Day
New Year's Day

Labor Day
Independence Day
Memorial Day
Martin Luther King, Jr. Day
Employee's Birthday ***Must be taken within the employee's birthday month***

Floating Holidays - In addition to the above-specified days, an employee may choose any (11) eleven additional days as floating holidays or when working a partial year, a prorated number of days as determined by the CEO/General Manager. An employee shall be compensated for any unused floating holiday time at the end of the fiscal year at the employee's regular rate of pay, not to exceed the total of eighty-eight (88) hours. An employee shall be entitled to receive any special non-recurring holiday designated as an official State holiday by the Governor of the State of California or as an official national holiday by the President of the United States, subject to the approval of the Board of Directors.

Upon departure from Santa Cruz METRO for any reason, an employee shall be compensated for any unused holiday time at the employee's regular rate.

V. PAID LEAVES

A. Annual Leave

An employee shall accrue annual leave at the following rates:

- a. For the first five years of employment eleven (11) days/year
- b. Between five and nine years of employment nineteen (19) days/year
- c. After nine years of employment twenty-four (24) days/year

Upon approval of the CEO/General Manager, an employee shall be permitted to take a minimum of two weeks annual leave each calendar year.

An employee shall accrue the pro-rata portion of annual leave for which they are entitled for each pay period or major fraction thereof, for which they are in paid status.

An employee may not carry over into the next fiscal year more than (3) three times the annual allotted time. Any Annual Leave accrued in excess of three (3) times the employee's annual accrual amount at the end of the fiscal year will be paid out.

If an employee wishes to cash out additional Annual Leave accruals, the following rules apply:

1. The employee must irrevocably pre-elect the number of Annual Leave hours to be cashed out, prior to the start of the calendar year in which the employee will accrue the Annual Leave.
An employee's election to cash out Annual Leave hours in the following Plan year will apply only to Annual Leave hours that are accrued in the following calendar year and eligible for cash out.
2. The irrevocable election must be made on a form provided by METRO and the form must be delivered to the Payroll Department on or before November 30 in the calendar year prior to the cash out, after which date the election cannot be modified, changed or rescinded.
3. The Annual Leave will be paid out in December of the following year at the wage rate in effect at the time the employee receives the cash out.

Upon departure from Santa Cruz METRO for any reason, an employee shall be compensated for any unused annual leave at the employee's regular rate.

B. Sick Leave

An employee shall be entitled to earn paid sick leave at the rate of one day for each month of employment. Sick leave shall be approved for personal illness or physical incapacity caused by factors over which the employee has no reasonable immediate control, or the illness of a member of the immediate family of such employee which illness requires their personal care and attention. Immediate family shall include the spouse, or registered domestic partner; parent, stepparent, grandparent of employee or of the spouse or registered domestic partner, child, which includes their biological, adopted, foster, stepchild, or legal ward; grandchild, or sibling. Sick leave may also be used for doctor, dental, and vision appointments.

An employee who has accumulated sick leave above 120 days (960 hours) may elect to receive a cash payment of 25% of the accrued sick leave above 120 days in lieu of retaining excess sick leave credits. Any sick leave accrued beyond a balance of 96 hours may, at the option of the employee, be converted to annual leave.

Upon termination of employment from Santa Cruz METRO for any reason other than retirement, an employee shall be compensated for any unused sick leave in excess of ninety-six (96) hours at the employee's regular rate. For an employee who retires from METRO under the provisions of PERS, all unused accrued sick leave shall be paid at their regular hourly rate.

C. Administrative Leave

An employee covered under this policy shall be entitled to eighty (80) hours of Administrative Leave each year as an acknowledgment of the many hours worked annually in excess of a normal eight-hour (8) workday. At no time will there ever be more than 80 hours of Administrative Leave in an employee's bank. When working a partial year, a prorated amount as determined by the CEO/General Manager shall be granted.

Upon approval of the CEO/General Manager, unusual excessive time worked in a pay period may result in the CEO/General Manager granting District Paid time off in another pay period when unusual excessive time worked results from participation in unusual, lengthy after-hours activities, which require the presence of the employee in meetings, hearings, or negotiations.

Upon departure from Santa Cruz METRO for any reason, an employee shall be compensated for any unused Administrative Leave at the employee's regular rate.

D. Personal Leave

An employee shall be entitled to use forty (40) hours per year of personal leave, chargeable to accumulated sick leave.

E. Bereavement Leave

METRO shall grant time off for up to five (5) days for Bereavement Leave for the death of "family members" as defined below. Three (3) of the days will normally be paid at the employee's pay rate; two (2) days will normally be unpaid. The employee may use any accruals for any unpaid time. If the employee is required to travel greater than three hundred

fifty (350) miles for funeral services or other ceremony related to the purpose of the Bereavement Leave, METRO will pay an additional two (2) days of Bereavement Leave, for a total of five (5) paid days. A family member for the purpose of this section shall include spouse, registered domestic partner or domestic partner; the parent, stepparent or grandparent of the employee or their spouse or domestic partner; the employee's child, which includes biological, adopted, foster, stepchild, or legal ward; the employee's grandchild; the employee's sibling(s), brother-in-law, sister-in-law, mother-in-law, father-in-law, aunt, uncle, niece, and nephew.

F. Paid Birth/Adoptive Leave

An employee is entitled to forty (40) hours leave with pay at or about the time of the birth of the employee's child, at the time of adopting a child, or the foster care placement of a new child in their home. The paid leave shall be within two months of the birth, adoption or foster care placement, or at the employee's option at the expiration of State Disability Insurance payments. An employee may also be eligible for Paid Family Leave (PFL), administered by the California Employment Development Department (EDD).

G. Jury Duty

An employee required to report for jury duty (except for Grand jury) or to answer a subpoena as a witness, shall be granted leave with full pay until released by the court. An employee shall either decline court-paid per diems or have court-paid per diems deducted from their daily pay during jury duty assignment.

H. Paid Military Leave

An employee in permanent status who is called to active duty, required to attend military training exercises as part of their military reserve obligation, or is called for National Guard Duty shall be granted paid military leave equal to the employee's regular rate of pay, not to exceed thirty (30) working days annually. Employees may also use any or all of their accrued but unused leave or other paid time off during their military service leave.

Military spouse leave is available to any employee who is married to or is registered as a domestic partner to a qualifying member of the military who works 20 or more hours per week, and is a regular full-time or part-time employee. An eligible employee is entitled to leave for up to ten (10) days during the qualifying spouse's military leave from active duty.

VI. UNPAID LEAVES OF ABSENCE

A. Parental Leave

Parental leave shall be granted for a maximum period of twelve (12) months to cover absences for a medical reason related to the pregnancy, delivery, or recovery of an employee or their spouse/registered domestic partner. Parental leave may also be utilized for the purpose of post-natal infant care for medical reasons related to the adoption or foster care placement of a child. If an employee does not have a sufficient paid leave balance to cover the period of absence, an unpaid leave of absence shall be granted. Parental leave shall run concurrently with FMLA/CFRA leave.

B. FMLA/CFRA

Santa Cruz METRO will comply with the Family Medical Leave Act and the California Family Rights Act, as amended. These Acts provide for up to twelve (12) weeks (480 hours) of unpaid, job-protected leave for a serious health condition of the employee or an eligible family member. To be eligible for FMLA/CFRA the employee must have worked 1,250 hours in the twelve- month period preceding the leave. FMLA/CFRA leave will run concurrently with any other absence due to an employee's own serious health condition or the serious health condition of the employee's child, parent, spouse, registered domestic partner, grandparent, grandchild, or sibling.

If the employee is taking a leave for the birth, adoption, or foster care placement of a child, the basic minimum duration of the leave is two (2) weeks and the employee must conclude the leave within one year of the birth, placement for adoption, or foster care placement.

C. Hospice and Critical Care Leave

An employee shall be granted an unpaid leave for up to four (4) months for the care of a critically ill family member with appropriate verification. Prior to taking unpaid leave, an employee must first exhaust all compensatory leave, then exhaust all available sick leave, then exhaust their annual leave balance down to a level of forty (40) hours before being placed in unpaid status.

VII. EXEMPT MANAGEMENT PROVISION

An employee who has exhausted all leave accruals shall not have his/her salary reduced by being absent from work on an authorized absence of less than one full day.

VIII. OTHER BENEFITS

A. Training

Upon approval by the CEO/General Manager, an employee shall be authorized to attend transit seminars and workshops, and to visit other properties as part of their ongoing job duties, and shall be compensated for receipted expenses incurred in so doing.

An employee may submit a request to the CEO/General Manager for consideration of release time and reimbursement of expenses for course work relevant to the employee's current duties and area of responsibility.

Reimbursable expenses include tuition, fees, meals and books. For courses requiring overnight travel employees shall refer to Santa Cruz METRO's Travel Policy.

Reimbursement will be made for academic or professional credentials, certifications, and/or degrees for courses directly related to the employee's current position, specific job tasks and areas of responsibility.

Approval of release time and reimbursement of expenses is at the discretion of the CEO/General Manager and subject to the demonstrated cost-benefit ratio of the training and the current workload of the employee.

B. On Call Duty – After Regular Working Hours Business Matters

Upon providing a proper written justification to the CEO/General Manager, the CEO/General Manager has the authority, and may authorize on a case-by-case basis, a short-term or extended-term take home company vehicle to the few employees who may qualify for such.

Take home vehicles are restricted to such business matters in which the employee must regularly respond to METRO business matters after hours or to respond to incidents and accidents after hours. Take home vehicles may be subject to IRS tax ramifications.

C. Communication Allowance

When approved by the CEO/General Manager, an employee may receive a communication allowance of \$75 each two-week pay period.

IX. LAYOFF

A. Insurance

An employee separated from Santa Cruz METRO service as a result of layoff shall have their insurance benefits paid by Santa Cruz METRO at the same level while employed for a period of ninety (90) days from the date of separation.

B. Severance Pay

An employee laid off shall be given a severance payment of eighty (80) hours severance pay, subject to signing a release of claims.

X. RELOCATION EXPENSES FOR THE RECRUITMENT OF MANAGEMENT POSITIONS

The CEO/General Manager is authorized to negotiate the compensation packages of all Management Employees at the time of hire, including the authority to provide relocation packages for those management positions when the discretion and determination of the CEO/General Manager they are necessary to recruit the most qualified applicant for a vacant Management position. In no case shall the CEO/General Manager's authority exceed: 1) a cash payment not to exceed \$15,000 for receipted moving expenses; and (b) up to two roundtrip airfare reimbursements for use by the candidate of choice only; and (c) a cash payment not to exceed \$5,000 for receipted temporary housing. Employees receiving this benefit will be provided the appropriate reimbursement form to submit approved relocation receipts as well as an IRS tax reporting form to reflect payment of covered expenses. Employees who decide to leave METRO on their own accord before twelve (12) months of working status, will be required to repay any relocation assistance received and/or it is mutually agreed to be taken from any final wages.

Whenever the CEO/General Manager exercises the authority granted under this section, they shall report the expenditure to the Board of Directors annually when the next year's budget is presented to the Board of Directors