

COMPENSATION AND BENEFITS PLAN

BETWEEN

THE CITY OF TRACY

AND

**CONFIDENTIAL EMPLOYEES UNIT
(CEU)**

July 1, 2023 through June 30, 2025



Think Inside the Triangle™

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**CONFIDENTIAL EMPLOYEES UNIT (CEU)
COMPENSATION AND BENEFITS PLAN
July 1, 2023 through June 30, 2025**

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CITY OF TRACY
CONFIDENTIAL EMPLOYEES UNIT (CEU)
COMPENSATION AND BENEFITS PLAN
July 1, 2023 – June 30, 2025

Section 1. Purpose and Intent

The City Council desires to establish a Confidential Employees Compensation and Benefits Plan. Confidential Management staff is exempt from the Fair Labor Standards Act (FLSA) and is covered by the authority of the Personnel Rules and Regulations. Confidential Non-Management staff is non-exempt from the Fair Labor Standards Act (FLSA) and is covered by the authority of the Personnel Rules and Regulations. The City Manager is empowered to grant compensation adjustments as specified in the Confidential Employees Compensation and Benefits Plan.

The City of Tracy is desirous of providing greater service to the community, and of recruiting and maintaining qualified staff. The following plan provides the basis for recognition, benefits and compensation, effective July 1, 2023 through June 30, 2025.

Section 2. Confidential Employee Unit Membership

Confidential Management positions covered by this plan exclusively are as follows:

Accounting Manager
Assistant City Attorney
Assistant Director of DES
Assistant Director of DES/City Engineer
Assistant Director of Operations
Assistant Director of Utilities
Assistant to the City Manager
Budget Officer
Deputy City Attorney I/II
Human Resources Analyst I/II
Human Resources Manager
Information Technology Manager
Police Support Operations Manager
Public Information Officer

Non-Management Confidential positions covered by this plan exclusively are as follows:

Administrative Assistant (when assigned to Human Resources)
Executive Assistant (when assigned to Human Resources)
Executive Assistant to the City Manager
Human Resources Technician
Legal Secretary

Section 3. Compensation

A. Salary Plan

There shall be a five-step salary range for all classifications.

All rates of pay set forth in this Section represent the standard rate of pay for full-time employment for each classification. Employees occupying a position in a classification covered by this Plan shall be paid at a base salary within the range established for that position's classification. The salary ranges for all classifications covered in the plan shall be increased as outlined in this Section.

1. Cost of Living Adjustments

Effective July 2, 2023, all classifications will receive a three and one-half percent (3.5%) salary increase.

Effective June 30, 2024, all classifications will receive a three and one-half percent (3.5%) salary increase.

2. Me-Too Clause

The City is providing CEU a me-too clause for general salary increases (Cost of Living Adjustments) on a prospective basis. This provision expires on June 30, 2025.

B. Components of Salary

The City Manager is authorized to set the salary of employees in the Confidential Employees Unit at any step within the salary range.

1. Base Salary

This is the amount set at any step within the range at initial appointment and will be subject to adjustment until the employee reaches the top step of the range. Base salary may be adjusted on an annual basis by the City Manager, based on meritorious performance and the recommendation of the Department Head, but not to exceed the established range.

C. Overtime

1. Non-Management Confidential Employees

Confidential Non-Management employees are non-exempt from the provisions of the Fair Labor Standards Act (FLSA) with regard to compensation for overtime worked. With the approval of their supervisor and the Department Head, the employee will earn overtime or compensatory time for actual hours work as assigned (recorded in 15-minute increments). Leave time, whether paid or unpaid, is not included in computing the work period for overtime purposes.

Compensatory time off (CTO) accrual may not exceed 120 hours. Employees shall receive pay for overtime hours worked in excess of the 120-hour CTO maximum accrual. Employees may cash out CTO at any time during the year; any remaining CTO is paid to the employee annually on the last regular paycheck in the month of December, upon promotion, or at separation.

Overtime is defined as hours worked in excess of the employee's regular work shift that has the prior approval of the Department Head or designee.

- a) If an employee is required to perform unanticipated overtime of two (2) hours or more, the City shall pay a meal allowance of seven dollars (\$7) to the employee. "Unanticipated overtime" means that the affected employee did not receive notice of the overtime until the same day as the overtime assignment occurred. The two (2) hour minimum must occur at a time which would normally include the employee's regular mealtime.

Section 4. Leaves

A. Vacation

Employees shall accrue vacation prorated per pay period at the following rates:

Months of Continuous Employment	Accrued Hours
0-59 months	3.69 hours per pay period
60-119 months	5.23 hours per pay period
120-179 months	6.76 hours per pay period
180-240 months	7.38 hours per pay period
241+ months	8.30 hours per pay period

B. Management Leave for Confidential Management Employees

The City provides management leave in recognition of the need to devote more than 40 hours per week to their duties. The City shall provide management leave in the amount of 120 hours per calendar year to Confidential Management employees in the Confidential Employees Unit. Newly hired or promoted employees who are Confidential Management employees shall receive a prorated number of hours based on their start date in a Confidential Management position. Effective January 1, 2024, management leave will be accrued in a management leave accrual bank. Employees may cash out management leave at any time during the year; any remaining management leave is paid to the employee annually on the last regular paycheck in the month of December or upon separation.

C. Holiday Pay

Regular full-time employees who are scheduled to work on an observed holiday receive the observed holiday off and eight (8) hours of pay per holiday.

The City observes the following holidays:

New Year's Day	January 1
Martin Luther King Jr. Day	3 rd Monday in January
President's Day	3 rd Monday in February
Memorial Day	Last Monday in May
Juneteenth	June 19
Independence Day	July 4
Labor Day	1 st Monday in September
Veteran's Day	November 11
Thanksgiving Day	4 th Thursday in November
Day After Thanksgiving	4 th Friday in November
Christmas Eve	December 24
Christmas Day	December 25

D. Holiday Pay and Accruals for Non-Exempt Employees

1. Holiday Pay in Excess of 8 Hours

Employees on a 4/10 or 9/80 schedule must use vacation or CTO to make up additional hours on observed holidays falling on a scheduled workday.

2. Holiday Pay on Scheduled Days Off

Employees working on a holiday falling on their scheduled day off receive holiday pay at the overtime rate of pay and eight (8) hours of vacation.

3. Holiday Pay on Scheduled Workdays

Employees working a holiday falling on their scheduled workday receive holiday pay at three (3) times their rate of pay and eight (8) hours of vacation.

E. Floating Holidays

Employees accrue sixteen (16) hours of vacation in lieu of floating holidays annually on the first pay period in January.

F. Proclaimed Holidays

The City observes holidays proclaimed by the Governor of the State of California or the President of the United States that are approved by the City Council.

G. Maximum Accrual of Leave

The maximum accrual for Confidential Management employees for vacation and management leave combined shall not to exceed 600 hours.

The maximum accrual for Confidential Non-Management employees for vacation shall not exceed a total of 400 hours.

H. Leave Sell-Back

On November 1 of each year, beginning in 2024, an employee may make an irrevocable election to cash out vacation that will accrue in the next calendar year prior to December. The employee can elect to receive up to 50% of the cash-out on the second pay period in July, and the remainder on the first pay period in December.

I. Sick Leave Accrual

Employees accrue three point six-nine (3.69) hours of sick leave per pay period with no limit.

Confidential Management Employees may utilize up to one-half (1/2) of their annual accrual of sick leave for the care of their immediate family. Immediate family is defined as parents, stepparents, parents-in-law, spouse, registered domestic partner, child, stepchild, siblings, grandparents, grandchildren, brother/sister-in-law, son/daughter-in-law, legal guardian or a person who is at least 50 percent (50%) dependent on an employee, or a designated person.

Confidential Non-Management Employees may take unlimited days of sick leave for care of their immediate family. Immediate family is defined as parents, stepparents, parents-in-law, spouse, registered domestic partner, child, stepchild, siblings, grandparents, grandchildren, brother/sister-in-law, son/daughter-in-law, legal guardian or a person who is at least 50 percent (50%) dependent on an employee, or designated person.

Sick leave is to be used for personal sickness or disability, medical or dental treatments, or for absences due to serious illness or injury of a member of the employee's immediate family. Sick leave may also be used by employees who are victims of domestic violence, sexual assault or stalking and who need to take time off of work for any of the reasons set forth in California Labor Code sections 230 and 230.1.

J. Conversion of Sick Leave Balance Upon Retirement/Death/Termination

Upon retirement, employees may elect to convert all accrued sick leave to a medical insurance bank. The value of the medical insurance bank shall be determined by multiplying the number of accrued sick leave hours by the employee's hourly rate of pay. The retired employee and their dependents shall be entitled to continued group health insurance coverage, dental and/or vision coverage in effect at the time, with premiums for such coverage being deducted from the medical insurance bank until said bank is exhausted. Thereafter, the employee and their dependents may continue to participate in the City's group health, dental and/or vision plans provided the City receives the employee's payment for the premium by the 10th of each month for the following month's coverage.

Subject to approval by the City, retirees may elect to utilize funds in their medical insurance bank to purchase alternate medical coverage.

Terms of the Policy Agreement with the City's insurance carrier regarding coverage and eligibility shall apply to the employee and their dependents.

Upon death, an active employee's estate shall receive straight-time pay for all accrued sick leave in excess of 960 hours.

If an employee in the Confidential Employees Unit terminates or is terminated for any reason, all accumulated sick leave shall be canceled. Such accumulated sick leave, however, shall be credited to such employee if they return to City employment within two (2) years of such termination.

K. Bereavement Leave

In the event of a death in the immediate family of an employee, an employee may use up to forty (40) hour of paid bereavement leave. If the employee needs additional time, the employee may use vacation leave with the approval of the Department Head or designee; additional leave will not unreasonably be denied. In the event of the death of a relative, not a member of the immediate family, absence from duty shall be allowed not to exceed one (1) day. Such absences shall not be charged to sick leave.

The immediate family of an employee is defined as: parents, stepparents, parents-in-law, spouse, child, stepchild, siblings, grandparents, grandchildren, brother/sister-in-law, son/daughter-in-law, or legal guardian or a person who is at least 50 percent (50%) dependent on an employee.

In special cases, with the approval of the Department Director, the Personnel Officer may grant bereavement leave in other circumstances.

Section 5. Benefits

A. CalPERS Retirement

1. CalPERS Formula

Miscellaneous employees hired on or before December 16, 2010 shall receive the single highest year and the two and one-half percent at 55 (2.5% @ 55) benefit formula provided through the California Public Employees' Retirement System (CalPERS).

Miscellaneous employees hired on or after December 17, 2010 and on or before December 31, 2012 shall receive average of three (3) consecutive highest years and the two percent at 55 (2% @ 55) benefit formula provided through the California Public Employees' Retirement System (CalPERS).

Miscellaneous employees hired on or after January 1, 2013 and who qualify as "new employees" under the Public Employees' Pension Reform Act ("PEPRA") shall be subject to all the provisions of that law, including but not limited to the two percent at 62 (2% @ 62) benefit formula provided through the Public Employees' Retirement System (CalPERS) with a three-year final compensation period.

Safety employees hired on or before July 1, 2010 shall receive CalPERS 3% @ 50 and single highest year formula provided through the Public Employees' Retirement System (CalPERS).

Safety employees hired on or after July 2, 2010 and on or before December 31, 2012 shall receive CalPERS 3% @ 55 and single highest year formula provided through the Public Employees' Retirement System (CalPERS).

Safety employees hired on or after January 1, 2013 meeting the definition of "new member" under PEPR shall be subject to all the provisions of that law, including but not limited to the two point seven percent at age 57 (2.7% @ 57) retirement formula with a three-year final compensation period.

2. Payment of CalPERS Retirement Benefit

a. Payment of Employer Share of PERS Contribution for Confidential Management Employees

Each Confidential employee in this unit shall pay 3% towards the employer's share of CalPERS pension regardless of what CalPERS pension formula employee is applicable to employee. In exchange, the City shall pay the corresponding salary increase that represents the 3% contribution. The parties agree that should the parties negotiate elimination of the 3% contribution towards the employers share or such contribution becomes contrary to any subsequent rules, regulations and/or law rendering the contribution null and void that the equivalent salary increase conferred in this section shall also cease and become null and void.

The City agrees to continue to pay the remainder of the employer contribution for the City's CalPERS retirement benefit.

b. Miscellaneous Employees

Miscellaneous employees hired on or before December 16, 2010, and under the first tier CalPERS retirement formula (2.5% @ 55), shall pay 8% of salary contribution towards employee statutory share of CalPERS retirement during the term of this Compensation and Benefits Plan.

For miscellaneous employees hired after December 16, 2010 and on or before December 31, 2012 under the second-tier CalPERS retirement formula (2% @ 55), shall pay 7% of salary contribution towards employee statutory share of CalPERS retirement during the term of this Compensation and Benefits Plan.

Miscellaneous employees who receive the CalPERS retirement formula of 2% @ 62 shall pay the employee contribution required by PEPR, currently calculated at fifty percent (50%) of the normal cost.

c. Safety Employees

Safety employees hired under the first tier CalPERS retirement formula (3% @ 50) or the second tier CalPERS retirement formula (3% @ 55) shall pay the 9% employee contribution towards the employee statutory share of CalPERS retirement during the term of this Compensation and Benefit Plan.

Safety employees who receive the CalPERS retirement formula of 2.7% @ 57 shall pay the employee contribution required by PEPRRA, currently calculated at fifty percent (50%) of the normal cost.

Employee payments of the employee share of the CalPERS retirement benefit cost shall be made as a payroll deduction on a pre-tax basis to the extent allowed by law.

The parties may reopen negotiations to discuss the impact of any changes to the Public Employment Retirement Law which occur during the term of this Compensation and Benefits Plan.

B. Insurance

1. Medical

1.1 Plans Provided

The City offers medical insurance. During the term of this Agreement, the City reserves the right to change medical providers and the parties shall meet regarding any such change.

1.2 New Employees

New employees hired after July 1, 2007, shall be required to select a medical plan for at least the employee and are not eligible for cash benefits except as may be required by provisions of the IRS regulations covering Flexible Benefits plans.

2. Dental

The City shall offer dental insurance coverage for full-time employees and their eligible dependents through the existing providers.

3. Vision Care

The City shall offer vision care benefits for full-time employees and their eligible dependents through the existing providers.

4. Life Insurance

The City shall provide Confidential Management employees life insurance coverage of \$150,000. The City shall provide Non-Exempt Confidential employees life insurance coverage of \$75,000. The City will fully pay the premium by adding the actual cost of the premium to the amount provided in the Cafeteria Plan each month.

5. Short-Term Disability Insurance (STD)

Short Term Disability insurance is required for all regular employees in the Confidential Employees Unit through Standard Insurance with the premium paid by employees per pay period at the current rate of .83% of the employee's earnings, prior to applying taxes.

Short Term Disability Insurance payments may be available to employees who cannot work because of sickness or non-work-related injuries as determined by the STD insurance provider. STD payments shall be integrated with accumulated sick and vacation leave balances unless the employee elects in writing, at the time of disability, to retain STD payments and receive no supplemental income (paid leave) from the City.

To the extent accumulated sick leave or vacation leave is available, the employee will continue to receive normal paychecks. Payments received from the insurance carrier shall be turned in to the City. When such checks are received by the City, a portion of the employee's next paycheck, equal to the amount turned in, shall be recorded as nontaxable pay and sick leave shall be charged only for the amount of the City's share of the paycheck.

In no case may an employee receive more income than the amount of their normal pay. Employees must turn in checks received from the insurance carrier to the City, unless the employee elected in writing, at the time of disability, of the employee's choice not to receive paid leave.

6. Long Term Disability Insurance (LTD)

City-paid Long Term Disability Insurance shall be provided to all employees in the Confidential Employees Unit.

7. Cafeteria Plan

7.1 City Contribution

The City shall maintain an account for each full-time employee in regular or probationary status within the City's cafeteria plan. The City shall make monthly payments of no more than the annual maximum amount for the employee's benefit level, either family, employee plus one, or employee only to each employee's account.

7.2 Cash Out Options

For employees hired before July 1, 2007, the maximum cash payment shall be set at \$996 per month for employees who do not elect a medical, dental, and/or vision plan. For employees hired on or after July 1, 2007, each employee shall be required to select a medical plan and the cash payment shall be limited to the minimum required by law (if any).

7.3 Future Contributions

If premiums increase in the plans to which City employees subscribe effective January 1, 2025, and each January thereafter during the term of this Agreement, the City will increase the City's monthly contribution for employees by 75% of the average of the dollar increase of the family HMO plan premiums for employees electing family coverage.

For employees who elect employee only or employee plus one coverage, any City increase to the Employee's account shall be limited to the amount necessary to fully cover the plan selected or up to a maximum of the dollar amount increase allocated to employees who elect family coverage. There shall be no increase for employees who do not elect health insurance coverage.

In the event the above listed amounts are insufficient to fully pay the premiums required of employees enrolled in any one of the medical insurance plans, the City shall make a payroll deduction from the employee's pay to cover the difference in cost.

7.4 Approved Account Uses

The monies in an employee's account shall be used for one or more of the following purposes only: 1) payment of premium charges for the medical insurance program in which the employee is enrolled, 2) payment of premium charges for the dental insurance program in which the employee is enrolled and/or 3) payment of premium charges for the vision insurance program in which the employee is enrolled. The City also independently funds life insurance premiums through each employee's account.

Each employee shall provide the Personnel Officer or Human Resources designee in writing on a form provided, and at times designated by the City each year, all information necessary to administer the Cafeteria Plan during the 12-month period beginning the first day of each plan benefit year. Thereafter, no changes to designations so made will be allowed until the following open enrollment period without a qualifying event.

Each employee shall be responsible for providing immediate written notification to the Personnel Officer or Human Resources designee of any change to the number of their dependents which affects the amount of the City payment on behalf of the employee. Changes in Cafeteria Plan payments required because of a change in an employee's number of dependents shall take effect at the start of the first pay period in the month following the month in which advice from the employee is received by the Personnel Officer or Human Resources designee. No retroactive payments shall be allowed.

8. Flexible Benefits Plan (IRS Section 125)

The City has implemented an Internal Revenue Code Section 125 Plan to redirect employees' pre-selected amount of base salary to pay employee paid insurance premiums and other approved expenses. The City will not treat these monies as compensation subject to income tax withholding unless the Internal Revenue Service or the Franchise Tax Board indicates that such contributions are taxable income subject to withholding. Each employee shall be solely and personally responsible for any federal, state or local tax liabilities of the

employee that may arise out of the implementation of this section or any penalty that may be imposed therefore.

C. Deferred Compensation

Confidential Management employees shall be eligible to participate in both a City-sponsored 457 deferred compensation plan and a City-sponsored 401(a) deferred compensation plan.

Confidential Management employees shall be eligible for a City-matching contribution to their deferred compensation plan of up to five percent (5%) of their annual salary. The City match will be based on employee contributions towards their deferred compensation plan.

Non-Exempt Confidential employees shall be eligible for a City matching contribution to their deferred compensation plan of up to five percent (5%) of their annual salary. The City match will be based on the employee contributions towards their deferred compensation plan.

A fully executed Personnel Action Form shall establish eligibility for all deferred compensation contributions for Confidential Employees Unit employees, which must be approved by both the Department Head and City Manager.

D. Management and Professional Development Benefit for Confidential Management Employees

The allowance for management benefits is thirty-six dollars and ninety-two cents (\$36.92) per pay period and may be utilized for a wide variety of job-related expenses, training, association memberships, computer hardware and software, conference registration and attendance and other miscellaneous job expenses or professional development opportunities.

E. Non-Exempt Confidential Employee Pay

Non-exempt confidential employees shall receive \$50.00 per month prorated per pay period.

F. Annual Physical

An annual physical examination shall be provided by the City, if desired and requested by an employee in the Confidential Employees Unit.

G. Educational Expense Reimbursement

Upon Department Head approval, an employee who completes a course of study and receives a grade of "C" or better may be reimbursed for books, and tuition for courses taken at accredited colleges or universities in California, up to a maximum of \$5,000.00 per year to a lifetime maximum of \$20,000.00.

H. Longevity Pay

Employees receive longevity pay as follows:

- Upon completion of ten (10) years of service, the employee receives longevity pay of one percent (1.0%) of their base hourly rate of pay.
- Upon completion of fifteen (15) years of service, the employee receives longevity pay of an additional one point five percent (1.5%) of their base hourly rate of pay (for a total of 2.5%).
- Upon completion of twenty (20) years of service, the employee receives longevity pay of an additional two percent (2%) of their base hourly rate of pay (for a total of 4.5%).

Section 6. Miscellaneous

A. Retiree Health Savings Account

The City agrees to explore the option of establishing an IRS Section 115 Trust Fund (“Trust Fund”) and amending sick leave conversion at retirement (see section G). The City agrees to report back to employees in the Confidential Employees Unit under this section within twelve (12) months following adoption of this Compensation and Benefits Plan by the City Council.

B. Confidential Non-Management Bilingual Pay

Confidential Non-Management employees who are required to communicate in languages other than English, as part of their regular assigned duties, may be compensated with an additional two percent (2%) of the employee’s base salary, if the following criteria are met:

- i. Approval from the Department Head that a particular assignment requires the need for the specific alternate language
- ii. Certification by the City that the employee has successfully demonstrated the ability to communicate fluently in the language that the Department Head has determined is required.

Qualifying languages are Spanish, American Sign Language, and any other language designated by the Department Head as beneficial to the City.

C. Temporary Upgrade and Out-of-Class Pay

1. When a Confidential Management employee is appointed to fill a Department Head vacancy in an Out of Class capacity caused by paid leave of absence or separation, compensation will be paid at entry level of Department Head position or at ten percent (10%) over the Manager's current classification salary, whichever is greater, after ten consecutive calendar days, retroactive to the first day of such appointment.
2. When a Confidential Non-Management employee is assigned, by the appropriate supervisor, out of class work for a period of eight or more consecutive hours, the employee is entitled to out of class pay from the first hour of such work. Pay for out of class work shall be computed at the rate of Step A of the appropriate higher-class

position, provided that the differential in pay is at least six percent (6%) greater than the employee's base rate of pay as listed in the most current master salary schedule.