



AGENDA REPORT

Meeting Date: March 11, 2009
Item Number: F-4
To: Honorable Mayor & City Council
From: Roderick J. Wood, City Manager
Subject: Resolution of the Council of the City of Beverly Hills Amending the Executive Compensation Plan for Department Directors, Assistant Department Directors and Senior Department Management Employees

Attachments:

1. Resolution for Executive Employee Compensation Plan
2. Amended Executive Compensation Plan

RECOMMENDATION

It is recommended that the City Council move to approve the Executive Compensation Plan.

INTRODUCTION

The City has been undertaking a comprehensive review of all of the documents that govern pay and benefits for the City's employees. As part of this effort the Executive Compensation Plan has been revised to address similar issues as addressed during negotiations with the bargaining group that represent other City employees. Since this group of employees (Department Directors, Assistant Department Directors and Senior Department Managers) is not represented by a bargaining group it seemed appropriate to make similar changes as are being accomplished with the represented groups. These issues include updated language related to future salary adjustments based on salary surveys with total compensation comparisons to the market so that salaries are at the 75th percentile and a two tiered retiree medical insurance program for existing or new employees.

Through the implementation of salary surveys, the two tier cafeteria plan and the two tier medical retirement program the City will benefit from the potential of significant future savings while at the same time ensuring competitive salaries and benefits packages. Additionally, this is the precursor to transitioning to a voluntary program to limit the City's previously discussed Other Post-Employee Benefits (OPEB) unfunded liability associated with providing retiree medical benefits. This would be accomplished by

converting our current retiree medical defined benefit program to a retiree medical defined contribution plan. This would be accomplished through converting the long term cost of the retiree health defined benefit plan to a cash value that can be funded through a number of different sources. This transition is still in the formation stage and will be brought forward when the details are defined.

DISCUSSION

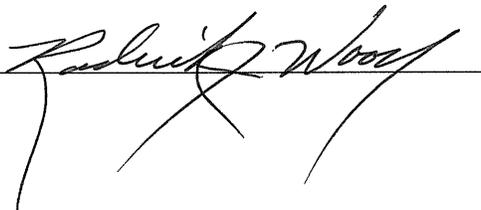
Key elements of the new Executive Compensation Plan are as follows:

- (1) The vesting date for full retiree health benefits has been advanced to five years of service with the City. Additionally, retiree health benefits for a surviving spouse or partner may receive coverage for a payment equal to \$10 per month during the term of the executive's employment with the City.
- (2) The minimum notice or severance payments provided to executives terminated without cause has been reduced with a minimum required service to the City of one year before this provision is applicable and any provision of notice or severance above the minimum can only be provided by the City Manager with City Council concurrence.
- (3) The salary target for executives that has been used by the City Manager is now being articulated in the Executive Compensation Plan. This target is the third quartile of competitive cities surveyed by the City Manager. Similarly, the pay for performance limits that have been used by the City Manager have also been included in the compensation plan.
- (4) The salary separation of ranks that has been implemented in the police and fire departments has been incorporated into the executive compensation plan.

FISCAL IMPACT

While there are limited annual costs associated with changing the vesting date for full retiree health benefits to five years, in total there are significant potential long term cost savings associated due to other provisions in the Executive Compensation Plan.

Roderick J. Wood, City Manager
Approved By

A handwritten signature in black ink, appearing to read "Roderick J. Wood", is written over a horizontal line. The signature is stylized and cursive.

RESOLUTION NO. 09-R-

RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS AMENDING THE COMPENSATION PLAN FOR DEPARTMENT DIRECTORS, ASSISTANT DEPARTMENT DIRECTORS, AND SENIOR MANAGEMENT EMPLOYEES

The Council of the City of Beverly Hills resolves as follows:

Section 1. That certain amended Compensation Plan for Department Directors, Assistant Department Directors and Senior Management Employees, dated March 11, 2009, a copy of which is on file in the office of the City Clerk is hereby adopted with an effective date of March 11, 2009.

Section 2. The City Manager or his designee shall administer the terms of the Compensation Plan on behalf of the City.

Section 3. The City Clerk shall certify to the adoption of this Resolution and shall cause this Resolution and his certification to be entered in the Book of Resolutions of the Council of this City.

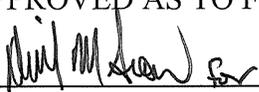
Adopted:

Mayor of the City of Beverly Hills,
California

ATTEST:

BYRON POPE (SEAL)
City Clerk

APPROVED AS TO FORM



LAURENCE S. WIENER
City Attorney



EXECUTIVE EMPLOYEE COMPENSATION PLAN

I. CITY MANAGER RESPONSIBILITIES AND AUTHORITY

The City Manager, as chief administrative officer of the City, and with responsibility for all employees not appointed by the City Council, is responsible for the administration and implementation of this compensation plan and has the authority to make changes to this plan that stay within appropriated funds for salaries and benefits (plus city manager purchasing authority- providing that these changes do not impact the City Manager's contract) as approved by the City Council during each fiscal year.

The City Manager has authority to set base pay rates for the positions included in this plan. The target salary for each position shall be at the 75th percentile for comparable positions based on the City's most recent salary survey. The calculation methodology and survey cities will be determined by the City Manager. The survey cities may vary based on the position under review and may be changed from time to time. The base salary for the Chief of Police will be at least 20% above the top step for Captain. The base salary of the Fire Chief will be at least 10% above the base salary of the Deputy Fire Chief. The base salary of the Deputy Fire Chief will be at least 10% above the top step of Battalion Chief. In no event, however, may the base salary for any Executive Employee exceed a rate of 2% below the City Manager's monthly base pay. Within these limitations, the City Manager (or designate) shall be responsible for determining the specific base pay paid to each position based upon qualifications and performance. The City Manager may vary from the 75th percentile target in unusual circumstances.

The City Manager is responsible for attracting and hiring the very best candidates to fill Department Director, Assistant Department Director and Senior Management positions with the City. Pursuant to Beverly Hills Municipal Code 2-3-101.J, the City Council authorizes the City Manager to negotiate and approve multi-year employment agreements (without regard to Level 3 contract limits) for wages and benefits as well as grant and/or advance vacation, sick leave, and administrative leave hours or other benefits similar to those contained in this Plan, based upon benefits and years of service coinciding with prior service in other jurisdiction(s) or upon prevailing market conditions.

II. DEPARTMENT DIRECTOR, ASSISTANT DEPARTMENT DIRECTOR AND SENIOR MANAGEMENT EMPLOYEE LEVELS

There shall be three levels of employees affected by this Compensation Plan. They are classified as: Department Director, Assistant Department Director and Senior Management. The positions within each classification are as follows:

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Department Director

AW Assistant City Manager
AO Chief Financial Officer/Administrative Services Director
AG Chief Information Officer
AY Chief of Police
AK Community Development Director
AR Community Services Director
AV Fire Chief
FW Public Works and Transportation Director

Assistant Department Director

MB Assistant Chief Information Officer
AJ Assistant Director of Administrative Services /Finance
AP Assistant Director of Administrative Services /Human Resources
AI Assistant Director of Community Development/Building & Safety
BF Assistant Director of Community Development/City Planner
AE Assistant Director of Community Services/Library Services
CH Assistant Director of Community Services/Recreation & Park
AX Assistant Director of Public Works and Transportation/City
Engineer
AY Assistant Police Chief
AL Deputy City Manager
AC Deputy Fire Chief

Senior Management

LI Assistant City Clerk
CW Deputy City Engineer
CY Deputy Director of Public Works and Transportation/Transportation
AB Emergency Management Director
CU Budget and Management Officer
CZ Project Administration Director
BR Maintenance Operations Manager
BD Risk Manager
WG Economic Development and Marketing Director
VU Environmental Utilities Manager
WW Parking Operations Director
DL Training and Organizational Development Manager
XI Division Commander (Police Department)

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The City Manager may make appointments within the prescribed levels of management for any position upon evaluation of employee qualifications and job responsibilities.

III. MANAGEMENT COMPENSATION PAY

Department Director, Assistant Department Director and Senior Management employees shall be entitled to special Management Compensation Pay above their base pay, at rates established by the City Manager.

IV. LEAVES

A. Holidays

Department Director, Assistant Department Director and Senior Management employees shall be entitled to the following paid holidays if said employee worked the regularly assigned work period the day before and the day after the holiday or was absent on authorized paid leave during said period:

New Year's Day	January 1
Martin Luther King Day	3rd Monday in January
Presidents' Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Veterans' Day	November 11
Thanksgiving Day	Fourth Thursday in November
Day after Thanksgiving	Day after 4th Thursday in November
Christmas Day	December 25

If the following holidays (January 1, July 4, November 11, and December 25) fall on a Saturday, the preceding Friday shall be considered the holiday; if the holiday falls on Sunday, the following Monday shall be considered the holiday.

B. Personal Holiday

Department Director, Assistant Department Director and Senior Management employees shall be entitled to two paid personal holidays each calendar year. Said holidays may be taken at the employees' discretion subject to their supervisor's approval. Employees are

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encouraged to use said personal holidays during the year they are accrued. Employees may not have more than two personal holidays on the books at any time. If at the end of a calendar year, an employee still has personal holidays on the books, for the following calendar year, the employee will receive only that amount of personal holidays that will bring the balance to two personal holidays, in accordance with California Labor Code Section 227.3. Personal holidays cannot be cashed out at the end of the year.

C. Vacations

1. Authorization for Taking Vacation

Upon approval of their supervisor, employees may take accrued vacation leave. The City Manager may advance a newly hired Department Director, Assistant Department Director and/or Senior Management employee's vacation accrual rate based upon years of service coinciding with prior years of service in other jurisdiction (s) and based upon prevailing market conditions.

2. Holidays During Vacations

When a holiday falls within an employee's vacation leave, the leave time shall be extended or credited by the amount of the holiday time.

3. Vacation Accumulation

Vacation credit shall be accrued biweekly to Department Director, Assistant Department Director and Senior Management employees at the following rates:

<u>FIRST YEAR OF SERVICE</u>	<u>BEGINNING THE 2ND YEAR OF SERVICE</u>	<u>AFTER 14 YEARS OF SERVICE</u>
3.07 Hours Bi-weekly	4.60 Hours Bi-weekly	6.13 Hours Bi-weekly
80 hours/yr	120 hours/yr	160 hours/yr

Department Director, Assistant Department Director and Senior Management employees may accumulate accrued vacation up to a maximum of 240 hours, plus the current year's accruals.

In December of each calendar year, upon the employee's request, an employee with 240 hours or more of accumulated vacation can receive

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cash payment for up to 80 vacation hours earned but not taken during the calendar year.

D. Sick Leave

Every Department Director, Assistant Department Director and Senior Management employee shall accrue eight (8) hours of sick leave per month.

1. Job Connected Disability

Except as provided herein, no employee shall be entitled to use accumulated sick leave during any period for which he/she is entitled to receive temporary disability indemnity under Division 4 (Section 3201, et. seq.) of the California Labor Code. Any employee (except members of the Fire and Police Service entitled to the industrial leave benefits of Section 4850 of the California Labor Code) entitled to receive such temporary disability indemnity may elect (for a period not to exceed twelve (12) months after he/she first makes such election) to use as much of his/her accumulated sick leave or accumulated vacation, so when added to his/her temporary disability indemnity will result in a payment to him/her of not more than full base pay or wage.

2. Sick Leave Incentive

Department Director, Assistant Department Director and Senior Management employees, who accumulate 72 hours or more of sick leave that was accrued in any payroll year, may convert up to 24 hours of sick leave to cash during the month of January of the following year. The limit of payment shall be 24 hours per year.

E. Bereavement Leave

Bereavement leave is an absence occasioned by the death of a family member of the employee.

Forty (40) hours of bereavement leave, per calendar year, may be used in the event of the death of a family member, herein defined as a spouse, registered domestic partner, parent, brother, sister, child, grandparent, in-law, or parent of registered domestic partner of the employee. In the event an employee needs additional time off for this leave, he/she may use up to 40 hours of sick leave per calendar year.

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Requests for bereavement leave shall be made in writing, when feasible, and shall be approved by the Department Head in consultation with the Assistant Director of Administrative Services-Human Resources. In the event the emergency required the presence of employee, and he/she could not prospectively make a request, subsequent approval must still be obtained in writing.

F. Witness and Jury Leave

Any employee who is required to serve as a witness pursuant to a lawful subpoena in any judicial or quasi judicial proceeding or who is required to serve as a juror, shall be allowed time off without loss of pay to perform such duties. In addition, per California Labor Code section 230(b), an employee shall be allowed time off but with loss of pay, if the employee is a party to the matter for reasons other than actions within the scope of the employee's current or past public employment. All fees to which the employee is entitled by law for such service shall be paid (less transportation allowance, if any) to the City. This section is not applicable to those employees participating in judicial or quasi-judicial proceedings that are within the scope of their employment.

Upon receipt of a jury summons, employees should notify their Department Head so that the request for jury duty can be considered relative to the pending projects of the department. This notification will give the Department Head and the employee's supervisor an opportunity to discuss whether or not a postponement is necessary.

G. Professional Development Program

1. Department Director, Assistant Department Director and Senior Management employees are eligible for this program.

A City paid leave of absence (sabbatical leave) program shall be established with the following privileges and restrictions:

The granting of sabbatical leaves shall be at the discretion of the City Manager.

2. Approval of requests for sabbatical leave shall be based on the following criteria:
 - a. Content of a leave program with a basic requirement that the program be designed to professionally develop the employee in a manner potentially beneficial to his or her City employment.

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- b. A plan for maintaining work continuity of the employee's duties and responsibilities during his or her absence, with emphasis placed on development of subordinates through training assignments.
 - c. Coordination with departmental priorities and workload.
 - d. Employee's performance record.
3. Sabbatical leaves may allow up to Five Hundred Dollars (\$500) for expenses.
 4. Sabbatical leaves shall be restricted to one (1) leave up to ninety (90) calendar days, for each Department Director, Assistant Department Director and Senior Management employee each five (5) years with not more than three (3) Department Director, Assistant Department Director and Senior Management employees participating in any one (1) year.
 5. Each participant in Sabbatical Leave Programs shall submit to the City Manager reports summarizing his or her activities prior to final approval of such programs.
 6. Typical Sabbatical Leave Programs might include internships, on-loan executive programs, educational programs, travel-study programs, or authorship sabbaticals.

H. Administrative Leave

Each Department Director, Assistant Department Director and Senior Management employee will be granted up to 120 hours of Administrative Leave each calendar year pursuant to the following:

Administrative Leave shall be granted in recognition of overtime work and the nature of the work performance and expectations placed upon Department Director, Assistant Department Director and Senior Management employees. Administrative Leave shall be approved by the employee's supervisor noting the needs of the department and the necessity of having personnel available for the effective functioning of the department.

A Department Director, Assistant Department Director and Senior Management employee, upon request in December of each year, will receive cash payment for up to 80 hours of administrative leave for that

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calendar year. If the employee still has unused leave after the 80 hour maximum cash out then whatever amount of leave is left, will rollover to the next calendar year and the City will grant an additional number of hours to get the employee's administrative leave balance for that calendar year up to the maximum of 120 hours, per California Labor Code Section 227.3.

I. Miscellaneous Paid Leave

The City Manager may approve additional paid leave (including benefits) under certain conditions including: administrative investigations, continuous employee's absence if caused by an injury on duty, employee sick leave exhaustion, certain disciplinary procedures and other situations as deemed appropriate by the City Manager in the best interests of the City.

V. INSURANCE PROGRAMS

As of January 1, 2010, the provisions of this Section V shall no longer be applicable to Department Directors, Assistant Department Directors, and Senior Management Employees. To the extent this Section V is specifically made applicable to Councilmembers and the City Treasurer by the terms of the City Council and City Treasurer Compensation Plan, it shall continue to be applicable to them.

A. Medical Insurance

The City shall provide a medical insurance program to Department Director, Assistant Department Director and Senior Management employees, the cost of which shall be borne by the City. The City shall also provide a medical insurance program for City Councilmembers and City Treasurer (to the extent required by the terms of the City Council and City Treasurer Compensation Plan) during their terms of office, the cost of which shall be borne by the City. The cost of the coverage may vary, contingent upon the number of dependents claimed. Insurance coverage is effective the first day of the month following the 30 day waiting period.

In the event an employee is on leave without pay as a result of an illness or injury and has exhausted 50% of vacation leave and all sick leave credit and all City Manager granted leave per Section IV(I) of this Plan, the City shall pay the medical insurance premium of an employee and dependents coverage to the limit of one month's coverage for each full year of said employee's City services.

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The City shall pay, at the rate set forth below, the premium for employees and dependents, if any, for medical benefits during the continuous periods of an employee's unpaid absence if caused by an injury or job related illness while on duty. The payment shall be at the rate of one month's premium contribution for each year of service or major portion thereof.

The City's present medical insurance plan is the CalPERS medical insurance plan.

The payment of benefits toward this medical insurance program will be through the administration of a flexible benefit (cafeteria plan) package. The City shall pay the minimum required under Government Code Section 22892 (b)(1)(E) or its successor on behalf of each participant in this program. A participant is defined as 1) any current employee and dependents, 2) an enrolled retiree and dependents, and 3) a surviving annuitant. In addition to the minimum payment required under Government Code Section 22892 (b)(1)(E) or its successor, flexible benefits shall be provided as follows:

1. For active Department Director, Assistant Department Director and Senior Management employees, the City shall pay the difference between the minimum required under Government Code Section 22892 (b)(1)(E) or its successor and the actual cost of medical insurance premiums up to the full family coverage of the PERS Care Plan.
2. For employees retiring (service retirement only) from the City of Beverly Hills after July 1, 1981, with the exception of those employees hired or promoted as a Department Director, Assistant Department Director and/or a Senior Management employee or equivalent former position on or after December 2, 1997, the City shall continue to pay the difference between the minimum required under Government Code Section 22892 (b)(1)(E) or its successor and the actual cost of medical insurance premiums up to the two party rate of the PERS Care Plan under CalPERS. In the event of the death of a retired employee, the City shall continue to pay the single party coverage rate of the PERS Care Plan under PERS for the spouse or registered domestic partner.
3. For employees hired or promoted as a Department Director, Assistant Department Director and/or a Senior Management employee on or after December 2, 1997, the retiree medical insurance benefit shall be as follows:

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- a. Employee must complete a minimum of 5 years of full time employment with the City of Beverly Hills; and
- b. Receive a service retirement from the City of Beverly Hills; and
- c. Remain continuously retired from the City of Beverly Hills without reinstatement to active status with PERS. To remain eligible for this benefit, an employee cannot work for another PERS contracting agency and make contributions to PERS to enhance his/her retirement.

For retirees meeting these conditions, the City shall continue to pay the difference between the minimum required under Government Code Section 22892 (b)(1)(E) or its successor and the actual cost of medical insurance up to the two-party rate of the PERS Care plan under PERS for the employee and for the spouse or surviving spouse subject to the conditions below:

- i) A spouse includes any marriage, domestic partnership or civil union partner eligible for coverage under the applicable plan documents, such as a spouse, husband, wife or registered domestic partner.
 - ii) An employee must elect City premium contributions above the statutory minimum for a surviving spouse upon the spouse first being eligible for coverage under the City's plan, at a cost of \$10.00 per month while the employee is employed and paid by payroll deduction based on a reduction in the City's contribution toward coverage above the statutory minimum. Typically, election will occur at initial employment in the Executive Employee Group or at the date of a subsequent marriage or domestic partnership. An employee who does not timely elect and pay the \$10 monthly charge may not later elect surviving spouse premium contributions. The employee payments are not refundable, even if an employee leaves City service without retiree medical coverage, gets divorced, terminates a domestic partnership or is otherwise unable to take advantage of surviving spouse premium contributions.
4. With the concurrence of the City Manager, if an employee is hired in the Department Director, Assistant Department Director and Senior Management group on or after December 2, 1997, and has previously retired from active status from an agency served by

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PERS; and is within the first five years of service as a full-time permanent employee with the City of Beverly Hills; and was entitled to and receiving retiree medical benefits equal to the agency paying at least 25 percent of the premium for medical insurance for the employee; and that employee retires or separates from city service for any reason involving incapacitation or an inability to perform the duties of this employee's position (expressly excludes but is not limited to voluntary retirement prior to the employee's fifth anniversary of employment with the City of Beverly Hills and retirement in lieu of termination) then this employee shall be eligible for the benefit outlined in 3. Specifically, the City shall pay the cost of medical insurance premiums equal to the difference between the minimum required under Government Code Section 22892 (b)(1)(E) or its successor and the actual cost of medical insurance up to the two-party rate of the PERS Care plan under PERS.

B. Dental Insurance

The City shall provide one or more dental insurance plan(s) to active Department Director, Assistant Department Director and Senior Management employees, the cost of which shall be borne by the City. The cost of the coverage may vary, contingent upon the number of dependents and/or spouse or domestic partner enrolled. Upon retirement, Department Director, Assistant Department Director and Senior Management employees can continue in the City's dental plan, at their own expense to the extent and subject to the terms and conditions of the then-applicable plan document. The City reserves the right to modify or discontinue retiree dental based on availability, market conditions and other factors.

C. Life Insurance

Department Director, Assistant Department Director and Senior Management employees shall be entitled to a three hundred thousand dollar (\$300,000) term life insurance policy under the City's life insurance program. The full premium for such policy shall be paid for by the City under the life insurance program of its choosing. Each such employee shall have the option to purchase additional life insurance at the City's unit cost, if available.

D. Disability Insurance

The City shall provide, at employees' taxable expense, long-term disability insurance for Department Director, Assistant Department Director and Senior Management employees. This benefit shall be mandatory for each

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Department Director, Assistant Department Director and Senior Management employee. The disability plan will pay two thirds (66%) of the employee's base pay, up to a maximum of \$10,000 per month with a 90-day disability wait period.

E. Disability Leave - Extended Disability Base Pay and Benefits Continuance

The City shall provide to each Department Director, Assistant Department Director and Senior Management employee extended disability base pay and benefits (less legally required deductions) continuance in the event that an eligible employee sustains an injury or illness causing long term disability. This continuance shall be up to 90 days, as approved by the City Manager at his/her sole discretion, upon recommendation from the Administrative Services Department Director.

After this period, or upon the commencement of disability benefits from insurance provided pursuant to subsection D above, whichever occurs first, the City's Extended Disability Base Pay and Benefits Continuance shall stop. To qualify for this pay and benefits continuance, an employee must notify the Risk Management Division in writing immediately upon becoming aware that an injury or illness may result in a long term disability. Risk Management Division, in consultation with the Human Resources Division, will contact the employee's physicians and medical treatment centers as may be appropriate to determine the severity and scope of injury/illness and probable length of absence of the employee. The employee must also make himself or herself available for examination by a City appointed physician (at City expense). The employee must file for disability insurance within the prescribed insurance required time-lines and provide the City with a written statement from a physician, satisfactory to the Risk Manager, detailing the employee's injury or illness and recommending disability leave.

No Extended Disability Base Pay and Benefits Continuance shall be granted for employees if they do not follow the procedures as set forth in this section or do not qualify for disability insurance.

Employees covered under this program shall not receive a monetary amount greater than they would normally receive if they had been working under normal conditions. Any disability indemnity received by the employee from the State of California for the purpose of insuring a weekly or monthly income as the result of the same work incurred injury for which the employee is receiving Extended Disability Base Pay and Benefits Continuance from the City shall be paid to the City.

F. Optical Insurance

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The City shall provide one or more optical insurance plan(s) to active Department Director, Assistant Department Director and Senior Management employees, the cost of which shall be borne by the City. The cost of the coverage may vary, contingent upon the number of dependents and/or spouse or domestic partner enrolled. Upon retirement, Department Director, Assistant Department Director and Senior Management employees can continue in the City's optical plan, at their own expense to the extent and subject to the terms and conditions of the then-applicable plan document. The City reserves the right to modify or discontinue the retiree optical plan based on availability, market conditions and other factors.

VI. FLEXIBLE BENEFITS (CAFETERIA) PLAN

As of January 1, 2010, the provisions of this Section VI shall be applicable to Department Directors, Assistant Department Directors, and Senior Management Employees.

As part of an enhancement of the City's Flexible Benefits (Cafeteria) Plan, as of January 1, 2010, the City shall pay the PERS statutory minimum on behalf of each participant in this program. A participant is defined as 1) any current employee and dependents, 2) an enrolled retiree and dependents, and 3) a surviving annuitant. The City shall provide a monthly benefit contribution (which shall include the PERS statutory minimum) to each Department Director, Assistant Department Director and Senior Management employee to use to pay for employee selected I.R.S. qualified benefits as detailed in this Section. The amount of the monthly benefit will be determined by the City Manager on an annual basis once the enhanced plan begins. If after selection of the various I.R.S. qualified benefits as detailed in this section, an employee has benefit contribution left over, they shall receive, in a taxable cash payment added to their bi-weekly payroll, that amount as determined by the City Manager. If an employee "spends" more than what is allocated by the City in their Flexible Benefits (Cafeteria) Plan monthly allotment, the difference shall be deducted from that employee's pay on a bi-monthly basis.

The various I.R.S. qualified benefits offered by the City are as follows:

A. Medical Insurance

The City shall provide a medical insurance program to Department Director, Assistant Department Director and Senior Management employees. The cost of the coverage may vary, contingent upon the number of dependents

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claimed. Insurance coverage is effective the first day of the month following the 30 day waiting period.

In the event a Department Director, Assistant Department Director and Senior Management employee is on leave without pay as a result of an illness or injury and has exhausted 50% of vacation leave and all sick leave credit and all City Manager granted leave per Section IV(I) of this Plan, the City shall pay the employee's applicable cafeteria plan contribution amount for one month for each full year of said employee's City services or major portion thereof.

The City shall pay, at the rate set forth below, the applicable cafeteria plan contribution amount for Department Director, Assistant Department Director and Senior Management employees and dependents, if any, during the continuous periods of an employee's unpaid absence if caused by an injury or job related illness while on duty. The payment shall be at the rate of one month's applicable cafeteria plan contribution for each full year of said employee's City services or major portion thereof.

The City's present medical insurance plan is the CalPERS medical insurance plan.

B. Dental Insurance

The City shall provide a choice of two dental insurance plans to Department Director, Assistant Department Director and Senior Management employees. The cost of the coverage may vary, contingent upon the number of dependents and/or spouse or domestic partner enrolled and the level of plan services.

C. Optical Insurance

The City shall provide an optical insurance plan to Department Director, Assistant Department Director and Senior Management employees. The cost of the coverage may vary, contingent upon the number of dependents and/or spouse or domestic partner enrolled.

VII. OTHER BENEFITS

As of January 1, 2010, the provisions of this Section VII shall be applicable to Department Directors, Assistant Department Directors, and Senior Management Employees.

A. Life Insurance

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Department Director, Assistant Department Director and Senior Management employees shall be entitled to a three hundred thousand dollar (\$300,000) term life insurance policy under the City's life insurance program. The premium for such policy shall be paid for by the City under the life insurance program of its choosing. Each such employee shall have the option to purchase additional life insurance at the City's unit cost, if available.

B. Disability Insurance

The City shall offer, at employees' taxable expense, long term disability insurance for Department Director, Assistant Department Director and Senior Management employees. This benefit shall be mandatory for each Department Director, Assistant Department Director and Senior Management employee. The disability plan will pay two thirds (66%) of the employee's base pay, up to a maximum of \$10,000 per month with a 90-day disability wait period.

C. Disability Leave - Extended Disability Base Pay and Benefits Continuance

The City shall provide to each Department Director, Assistant Department Director and Senior Management employee extended disability base pay and benefit (less legally required deductions) continuance in the event that an eligible employee sustains an injury or illness causing long term disability. This continuance shall be up to 90 days, as approved by the City Manager at his/her sole discretion, upon recommendation from the Risk Management and Human Resources Divisions.

After this period, or upon the commencement of disability benefits from insurance provided pursuant to subsection B above, whichever occurs first, the City's Extended Disability Base Pay and Benefits Continuance shall stop. To qualify for this pay and benefits continuance, an employee must notify the Risk Management Division in writing immediately upon becoming aware that an injury or illness may result in a long term disability. Risk Management Division, in consultation with the Human Resources Division, will contact the employee's physicians and medical treatment centers as may be appropriate to determine the severity and scope of injury/illness and probable length of absence of the employee. The employee must also make himself or herself available for examination by a City appointed physician (at City expense). The employee must file for disability insurance within the prescribed insurance required time-lines and provide the City with a written statement from a physician, satisfactory to the Risk Manager, detailing the employee's injury or illness and recommending disability leave.

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No Extended Disability Base Pay and Benefits Continuance shall be granted for employees if they do not follow the procedures as set forth in this section or do not qualify for disability insurance.

Employees covered under this program shall not receive a monetary amount greater than they would normally receive if they had been working under normal conditions. Any disability indemnity received by the employee from the State of California for the purpose of ensuring a weekly or monthly income as the result of the same work incurred injury for which the employee is receiving extended disability base pay and benefits continuance from the City shall be paid to the City.

D. Retirement Medical Benefit

1. For employees retiring (service retirement only) from the City of Beverly Hills after July 1, 1981, with the exception of those employees hired or promoted as a Department Director, Assistant Department Director and/or a Senior Management employee on or after December 2, 1997, the City shall continue to pay the difference between the PERS statutory minimum and the actual cost of medical insurance premiums up to the two-party rate of the PERS Care Plan under PERS. In the event of the death of a retired employee, the City shall continue to pay the difference between the PERS statutory minimum and the actual cost of medical insurance premiums up to the one-party rate of the PERS Care Plan under PERS for the spouse or registered domestic partner.
2. For employees hired or promoted as a Department Director, Assistant Department Director and/or a Senior Management employee on or after December 2, 1997, the retiree medical insurance benefit shall be as follows:
 - a) Employee must complete a minimum of 5 years of full time employment with the City of Beverly Hills; and
 - b) Receive a service retirement from the City of Beverly Hills; and
 - c) Remain continuously retired from the City of Beverly Hills without reinstatement to active status with PERS.

For retirees meeting these conditions, the City shall continue to pay toward the difference between the PERS statutory minimum and the actual cost of medical insurance up to the two-party rate of the PERS Care plan under PERS :

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- i) A spouse includes any marriage, domestic partnership or civil union partner eligible for coverage under the applicable plan documents, such as a spouse, husband, wife or registered domestic partner.
 - ii) An employee must elect City premium contributions above the statutory minimum for a surviving spouse upon the spouse first being eligible for coverage under the City's plan, at a cost of \$10.00 per month while employed and paid by payroll deduction based on a reduction in the City's contribution toward coverage above the statutory minimum. Typically, election will occur at initial employment in the Executive Employee Group or at the date of a subsequent marriage or domestic partnership. An employee who does not timely elect and pay the \$10 monthly charge may not later elect surviving spouse premium contributions. The employee payments are not refundable, even if an employee leaves City service without retiree medical coverage, gets divorced, terminates a domestic partnership or is otherwise unable to take advantage of surviving spouse premium contributions.
3. With the concurrence of the City Manager, if an employee is hired in the Department Director, Assistant Department Director and Senior Management group on or after December 2, 1997, and has previously retired from active status from an agency served by PERS; and is within the first five years of service as a full-time permanent employee with the City of Beverly Hills; and was entitled to and receiving retiree medical benefits from another agency equal to the agency paying at least 25 percent of the premium for medical insurance for the employee; and that employee retires or separates from city service for any reason involving incapacitation or an inability to perform the duties of this employee's position (expressly excludes but is not limited to voluntary retirement prior to the employee's fifth anniversary of employment with the City of Beverly Hills and retirement in lieu of termination) then this employee shall be eligible for the benefit outlined in Subsection 2, above. Specifically, the City shall pay the difference between the minimum required under Government Code Section 22892 (b) or its successor and the actual cost of medical insurance up to the two-party rate of the PERS Care plan.

4. It is the City's intention to expand its retiree medical benefits by establishing a defined contribution plan to provide retiree

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medical benefits to employees hired or promoted as a Department Director, Assistant Department Director and/or a Senior Management employee on or after January 1, 2010. The City also intends to establish an option to permit current employees to elect to participate in the defined contribution plan for retiree health benefits.

E. Retirement Dental Benefit

Upon retirement, Department Director, Assistant Department Director and Senior Management employees can continue in the City's dental plans, at their own expense to the extent and subject to the terms and conditions of the then-applicable plan document. The City reserves the right to modify or discontinue retiree dental based on availability, market conditions and other factors.

F. Retirement Optical Benefit

Upon retirement, Department Director, Assistant Department Director and Senior Management employees can continue in the City's optical plan, at their own expense to the extent and subject to the terms and conditions of the then-applicable plan document. The City reserves the right to modify or discontinue retiree optical based on availability, market conditions and other factors.

G. Mileage Reimbursement

Since Executive Employees are not allowed auto allowances, executive employees will be allowed a mileage reimbursement benefit, as was effective October 1, 2007. This benefit is for city related travel in an employee's private vehicle at the prevailing rate as set by the Administrative Services Department. Mileage reimbursement will begin after the employee has traveled 25 miles or more in a single day. This 25 mile exemption rule will be waived for over night training or conference travel. For example, if an employee drives 35 miles in a day on City business- that employee would be eligible for mileage reimbursement of 10 miles ($35-25=10$). If an employee travels to San Diego for a training session or conference and stays over night, and the employee's total mileage is 250 miles, the employee would get a mileage reimbursement of 225 miles ($250-25=225$). All executive employees must submit City approved forms for reimbursement. All reimbursements must be submitted no later than 3 months after the final day of travel. The Chief Financial Officer shall be responsible for administering and interpreting this benefit.

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VIII. PAY FOR PERFORMANCE PROGRAM

In acknowledgement of the goals and objectives set by the City Council each fiscal year, and the level of attainment of those goals and objectives by the Department Directors, Assistant Department Directors and Senior Management employees, the City Manager shall implement a Pay for Performance Program (in addition to base pay) for these employees. The amount of performance pay, if any, will not exceed the lesser of 10% of base salary or an amount that will place the Employee 1% above the top paid position in the City's most recent salary survey of comparable positions. The salary survey will be conducted as provided in Section I, above. The rules, regulations and benefits related to this plan may be further detailed in an Administrative Regulation approved by the City Manager. The Human Resources Division of the Administrative Services Department will administer this program.

IX. UNIFORM ALLOWANCES

The Police Chief, Fire Chief, Deputy Fire Chief, and Assistant Police Chief shall receive \$600.00 annual uniform allowances.

X. RETIREMENT

- A. Effective April 1, 2008, pursuant to Government Code section 20636(c)(4), the City will pay the 8% employee's contribution to PERS for miscellaneous Department Director, Assistant Department Director and Senior Management employees; the City will pay the 9% employee's contribution to PERS for the Police Chief, Fire Chief, Deputy Fire Chief and Assistant Police Chief; and the City will report the monetary value of those normal contributions paid by the City on behalf of each employee (known as "employer paid member contribution") as compensation earnable.
- B. The City's Retirement contract with PERS is at the 2.5% at 55 rate for miscellaneous employees and 3% at 50 for local safety employees (Police Chief, Fire Chief, Deputy Fire Chief and Assistant Police Chief).
- C. 1959 Survivors Benefit

The City's contract with the Public Employees Retirement System provides for Level 4 coverage under the 1959 Survivor Benefit.

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- D. The City's contract with the Public Employees Retirement System provides for Pre-Retirement Optional Settlement 2W Death Benefit as set forth in Government Code Section 21548.
- E. All PERS benefits shall be provided in accord with the requirements of the Public Employees' Retirement Law, commencing at Government Code §20000, and all applicable regulations and procedures of PERS, which shall prevail in the event of conflict with the provisions of this compensation plan.

XI. SEPARATION FROM CITY SERVICE

A. Sick Leave Pay-Off

All accrued, unused sick leave earned and credited to each employee shall be the basis for determining the amount to be paid to each employee who qualifies to receive sick leave pay-off.

Department Director, Assistant Department Director and Senior Management employees who have achieved seven (7) or more years of continuous service and are listed on the City's active payroll on or after July 1, 1982, shall be eligible for sick leave pay-off upon termination of employment with the City, in accordance with the following.

The rate of sick leave pay-off shall be calculated as follows:

- For the first 7 years - 4% of accrued, unused sick leave per full year of service.
- For each year thereafter - 6% of accrued, unused sick leave per full year of service to a maximum of 100%.
- Sick leave pay-off shall be calculated at the rate of base pay received by the employee at the time of termination. Each employee eligible to receive sick leave pay-off shall receive said pay-off at the time of termination.

B. Vacation and Administrative Leave Pay-Off

An employee who terminates from City service shall receive an amount equal to accrued, unused vacation at the time of termination. The rate of pay off shall be based on the rate of base pay received by the employee at the time of termination. An employee does not have the option of utilizing accrued, unused vacation in lieu of vacation pay-off at time of termination.

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An employee who terminates from City service shall receive an amount equal to accrued, unused Administrative Leave at the time of termination.

C. Notice of Termination/Severance

If the City determines to terminate an employee without cause (cause shall mean termination for conviction of a felony, or for malfeasance in office) after one full year of Executive Employee service the, City shall provide a Department Director employee with four (4) to twelve (12) months prior notice of the termination date ; and shall provide an Assistant Department Director or a Senior Management employee with Three (3) to eight (8) months prior notice of the termination date. The amount of notice within the applicable range shall be in the City Manager's discretion. In lieu of providing the required notice above, the City Manager in his/her discretion may pay the eligible employee severance (severance shall include salary and benefits) at the rate of four (4) to twelve (12) months severance for a Department Director; and three (3) to eight (8) months severance for an Assistant Department Director or a Senior Management employee. The minimum amount of severance may be granted within the City Manager's discretion. The City Manager may grant severance above the minimum within the specified range only with City Council concurrence.

XII. DEFERRED COMPENSATION

A. City Contribution

The City shall contribute at least \$30.00 per month per Department Director, Assistant Department Director and Senior Management employee to the City's deferred compensation program.

B. Conversion of Sick Leave to Deferred Compensation

Department Director, Assistant Department Director and Senior Management employees may convert accumulated sick leave to base pay. The extra pay may only be used to fund "catch up" contributions to deferred compensation. The following restrictions apply to this program.

- 1) The employee shall have a minimum of 7 years of service with the City of Beverly Hills.
- 2) The individual's sick leave accrual cannot be reduced below 240 hours.

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- 3) The conversion is limited to the time period allowed by the IRS for “catch-up” provisions in 457, 401(k) and other plans as adopted by the City and the conversion can be used only for funding these deferred compensation “catch-ups”.
- 4) A conversion of no more than \$11,500 per employee per calendar year is allowed.
- 5) The conversion will be at the then existing sick leave payoff percentage.