



AGENDA REPORT

Meeting Date: March 11, 2009
Item Number: F-13
To: Honorable Mayor & City Council
From: Sandra Olivencia, Assistant Director of Administrative Services/ Human Resources
Subject: MEMORANDUM OF UNDERSTANDING BETWEEN THE MANAGEMENT AND PROFESSIONAL ASSOCIATION OF BEVERLY HILLS AND THE CITY OF BEVERLY HILLS.
Attachments:

1. Redline Agreement
2. Agreement

RECOMMENDATION

Staff recommends that the City Council move to approve the Memorandum of Understanding between the City of Beverly Hills and the Management and Professional Association.

INTRODUCTION

The Memorandum of Understanding (MOU) with the Management and Professional Association expired on September 30, 2008.

Intervening negotiations with the bargaining group resulted in the following modifications to the revised MOU: 1. Five Year Term; 2. Updated language by making sure it is consistent and is current with labor law; 3. Future salary adjustments will be based upon salary surveys with total compensation comparisons to the market so that salaries are at the 75th percentile; 4. A Pay for Performance Program will be implemented; 5. An "Employer Paid Member Contribution" program (EPMC) will be implemented effective November 1, 2008; 6. A two tier employee medical benefits program will be provided through a Cafeteria Plan effective January 1, 2010; and 7. A two tier retiree medical insurance program will be provided for new or promoted employees effective January 1, 2010.

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 employee salaries and benefit packages.

These negotiations have now been concluded resulting in a new agreement, with any adjustments retroactive to September 30, 2008.

DISCUSSION

Key elements of the new MOU include:

1. Five year term effective September 25, 2008 to October 5, 2013.
2. Existing MOU language updates and changes to comply with labor law.
3. Salary adjustments to be based on total compensation salary surveys conducted each year. The compensation study will examine the total compensation of benchmarked classifications using five to six cities.
 - First year of the contract the City agrees to bring all classifications in the units which are below the 75th percentile to the 75th percentile.
 - In addition, the City agrees to pay all employees in the unit who are below the 85th percentile, a one-time lump sum payment upon execution of this MOU, representing the difference between their total compensation and the 85th percentile. This will include all the employees below the 75th as well as the 85th percentile.
 - In all subsequent years of the contract, the City agrees to bring all classifications in the unit which are below the 75th percentile to the 75th percentile.
4. Pay for Performance program is separate from and in addition to salary increases which may occur as a result of the salary survey or for other reasons provided in the MOU. The pay will be based on performance and will be a one-time payment equal to (depending on performance) 100%, 66% or 33% of the difference between the annual total compensation and that of the highest agency of the salary survey. The amount an employee may receive through the program is an amount up to ten percent (10%) of the top step of the annual base pay for the employee's classification.
5. Employer Paid Member Contribution (EPMC) will be reported by the City to Cal PERS as compensation earnable as of November 1, 2008 and to be paid by the employee.
6. Effective January 1, 2010, the City will provide a two tier medical benefits program:
 - Current employees hired or promoted in the Management & Professional Group on or before December 31, 2009 will receive flexible medical benefits (Family PERS Care for medical, dental and optical) through a Cafeteria Plan.
 - Employees hired or promoted to the Management & Professional Group after December 31, 2009 will receive flexible medical benefits (Two-Party PERS Care for medical and family dental and optical) through a Cafeteria Plan.

7. Effective January 1, 2010, the City will provide a two tier Retiree Medical Insurance benefits program:
- All employees in the unit employed on or before December 31, 2009, who remain employed in the bargaining unit after that date and retire from City service shall continue to be eligible to receive the same level of retiree medical benefits they were eligible to receive before January 1, 2010.
 - For employees hired or promoted into the group prior to December 2, 1997 will be entitled to the actual cost of medical insurance premium up to the two party rate of PERS Care Plan.
 - For employees hired on or after December 2, 1997 will be entitled to the following: 25% of the cost of the insurance premium for employees who have completed 5 years of service; an additional 5% of the cost of the insurance premium for each year of employee service with the City, and an employee with 20 plus years of service will be entitled to receive 100% of the cost of the PERS Care single party insurance premium.
 - Employees hired or promoted into the unit on or after January 1, 2010 will receive the PERS Care statutory minimum paid by the City. In addition the City shall contribute the sum of \$300.00 per month (\$138.46 per pay period) to a retirement account on behalf of the employee.

FISCAL IMPACT

Under the current policy and past practices, the City has given annual salary increases as well as paid 100% for employee medical benefits, no matter what the increase was from Cal PERS. This negotiated contract caps salaries to the market whereby salaries cannot exceed the 75th percentile of those agencies surveyed. It is only the first year of this negotiated contract that salaries below the 85th percentile will be adjusted and paid a onetime lump sum if the salary is below the 85th percentile. In addition, medical benefits have been modified to a two tiered medical benefits program and are now capped through a Cafeteria Plan and increases will be part of negotiations rather than automatic. Also, the retiree medical benefits program has been modified to a two tiered program resulting in significant future savings for the City.

Since the salary surveys are currently being conducted, an estimate of the salary costs for this and next fiscal year has been provided. Medical benefits will remain the same for the next nine months and effective January 1, 2010, the Cafeteria Plan will become effective. The figures provided are estimates based on projections of the fiscal impact of the new program and estimated Cal PERS increases.

The estimated fiscal impact for the negotiated items is as follows:

- Total Compensation Salary Survey adjustment to the 85th percentile for 2008-2009 will be an estimate of \$153,746.

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- Total Compensation Salary Survey adjustment to the 75th percentile for 2009-2010 will be an estimate of \$134,527.
- The implementation of the Cafeteria Plan as negotiated will cost the City approximately \$ 249,528 for the first two years of implementation. However, the ten year projection shows a savings of \$ 4,400,680..

The above costs are covered in the fiscal year 2008-09 budget and will be included in the budget for fiscal year 2009-10.


Finance Approval


Approved By

Attachment 1

Redline Agreement

MANAGEMENT AND PROFESSIONAL EMPLOYEES

MEMORANDUM OF UNDERSTANDING

Tentative Agreement – March 5, 2009

The Management and Professional Employees Association of Beverly Hills, (herein after referred to as "M & P Association") a formally recognized employee organization, representing all of its members within the Management and Professional Unit (herein after referred to as "~~Management & Professional~~ "Employees"), and duly authorized representatives of the Management of the City of Beverly Hills (herein after referred to as "the City") have met and conferred in good faith~~conducted "meet and confer" conferences~~, fully exchanging information, opinions and proposals, and have reached the following agreement (hereinafter referred to as "MOU" or "agreement") within the scope of representation. A list of all of the classifications represented by the Association is attached to this MOU as Exhibit A.

Now, therefore, the parties agree and mutually recommend to the City Council the following for its determination:

1. Integration. This document embodies a written memorandum of the entire understanding and mutual agreement of the parties as required by Government Code Section 3505, *et seq.* and ~~superseeds~~ all prior ~~inconsistent~~ Memorandam of Understanding and verbal agreements between the parties hereto. It is recognized that there exists now certain past practices, policies or procedures that are in force and effect which affect wages, hours and working conditions. To that extent, it is agreed that such practices, policies and procedures shall remain in full force and effect during the entire term of this agreement, unless they are inconsistent with the provisions of this MOU-M.O.U., or unless they are changed by agreement of the parties.
2. Term. Unless otherwise specified herein, this MOU Memorandum of Understanding shall be effective September 25, October 1, 2008 and shall expire on October 5, September 30, 2013~~08~~.
3. Definition of the word "Day": The word "day" in this agreement refers to calendar days unless specifically designated as working days.

1.SALARIES

~~A. On the effective dates listed below, the City shall implement across the board base salary increases for all unit classifications according to the following schedule:~~

DATE _____ AMOUNT OF INCREASE

November 15, 2004 _____ 4%

October 1, 2005 _____ 4%

October 1, 2006 _____ 4%
October 1, 2007 _____ 3%

A. Total Compensation Survey

1. Effective Dates of Salary Increases if Applicable

On the following effective dates, the City shall implement base salary increases, if applicable, per the terms of the survey described below:

September 27, 2008

September 26, 2009

September 25, 2010

September 24, 2011

September 22, 2012

~~Employees in the unit may receive a salary increase on each of the above referred to dates. A survey will be conducted each year of the contract which will be completed as described below so that total compensation can be determined for each classification.~~

~~The A total compensation study shall be performed by a hired consulting firm, selected and paid for by the City, which shall conduct the survey according to the terms prescribed herein. If the Association does not agree with the results of the study it shall provide the City a written statement that outlines the figures or elements it disputes. The Association's written statement may, at its option, include reports from a consultant selected and paid for by it. Thereafter, the parties will meet and confer to attempt to resolve those disputed items. or the parties cannot agree to changes to the study, the Association may hire its own consultant to prepare a response to the consultant hired by the City. After the Association's consultant issues his/her report, the parties will once again try to reach an agreement on the results of the total compensation formula. If an agreement still cannot be reached, the parties may either agree to submit the matter to a mediator to assist them to reach agreement. If no agreement is reached, or if the parties do not elect to use mediation, the disputed issues shall be submitted to an arbitrator for advisory arbitration. The arbitrator's decision shall be a recommendation to the City Manager who shall render a final administrative decision. or proceed to impasse.~~

2. Survey Cities

~~The surveyed jurisdictions for 2008-09 shall be: For 2008-2009, the compensation study will examine the total compensation of benchmarked classifications using five of the six of the following cities: Santa Monica, Pasadena, Burbank, Culver City, Torrance and Glendale. The Association will inform the City (prior to running the calculations for the survey) as to which city it wishes to drop from the survey. The survey will then determine based on internal relationships within the City whether the non-benchmark classifications should receive a salary increase based on their relationship to the benchmark classifications. The Association is evaluating the comparability data provided to it by the City~~

~~(regarding the five survey agencies which will be used for the first year) and the parties agree to re-open negotiations regarding any differences it may have about the data once those differences are identified by the Association. Once that process is completed, any first year adjustments will be made on a classification by classification basis if appropriate.~~

~~Beginning 2009-10, and continuing each year thereafter, the surveyed cities jurisdiction shall include three cities selected by the Association from the list identified above, plus either one, two or three other cities, at the Association's option, identified by it from cities in Los Angeles or Orange counties. The Association shall notify the City by September 1, 2009 of its selected cities jurisdictions. These survey cities That list shall be in effect for the duration of this agreement.~~

~~Effective with the second year of this agreement, the Association may drop an additional city from the group of five used in the first year and identify up to three additional cities in Los Angeles or Orange Counties that it may add to the survey. If the Association wishes to add additional cities to the survey, it must identify the names of those cities in writing and provide them to the Assistant Director of Administrative Services/Human Resources by September 1, 2009. Comparability data will then be compiled on the additional cities and the survey will be conducted each year. However, there shall be no additional changes to the survey agencies after the Association identifies them for the second year. The comparability data on the identified cities will then be used throughout the Agreement.~~

3. Time When Surveys Will Be Conducted

~~Except for the first year of this agreement (when the survey will be conducted effective September 27, 2008), the surveys will be completed each year by November 15 and will include raises which are known to take effect during the first payroll period after January 1 of the subsequent year. For the first year only, the survey shall include only those salaries in effect by September 27, 2008. All raises provided to represented classificationsthe Association shall Raises will be retroactive to the first dates identified in subsection 1, above. of the contract year as described above.~~

4. The elements of total compensation will include:

- 1) Monthly Base Salary (at the Top Step of each classification's salary range);
- 2) The value of the City paid employee (i.e., member) PERS contributions to CalPERS = eight percent (8%);
- 3) The value of the "PERS on PERS" benefit as provided in (see Article 7, Section E below). For survey purposes, for those agencies which provide PERS on PERS (including Beverly Hills) there shall be a reflected value of 1.4% of top step base salary for the first three years of this agreement and 1.733 % for the last two years of this agreement;
- 4) The value of the average health insurance plan of all bargaining unit members. To determine the survey agencies' values, the survey will use each agency's plans (including cafeteria dollars offered to employees at the other agencies) with the Management and Professional Employees' demographics at the time the survey is conducted;
- 5) Maximum City Paid Dental Insurance (family plan) top rate;

6) Maximum City Paid Vision (family plan)top rate;

(Note: Effective with the 2010 salary study, elements 4, 5 and 6, above, shall not be used ~~drop out~~ (for purposes of calculating the survey amount for Beverly Hills) and, in its place, the average cafeteria plan contribution per employee is substituted ~~in its place~~.

7) Maximum City Contribution towards Long Term Disability Insurance;

8) ~~Maximum City contribution to~~ Maximum City provided Life Insurance, valued at 21 cents per \$1,000 of coverage;

9) Maximum City contribution to deferred compensation;

10) Longevity Pay ~~up to the~~ according to the amount that would be received by an employee with 15th completed years of service ~~year employee~~ or the City's average longevity pay for all members of the survey agency bargaining, unit whatever is higher;

11) The dollar value of the maximum vacation leave provided to an employee in the unit;

12) The dollar value of the maximum holiday pay provided to an employee in the unit;

13) Average City Paid Education and Certification Pays;

5. Calculation of the formula

In the first year of this contract (~~effective retroactive to~~ September 27, 2008) the City agrees to ~~implement a base salary increase~~ (if applicable) of whatever amount is necessary to bring ~~all~~ each benchmark classifications in the unit which ~~are~~ is below the 75th percentile in total compensation to the 75th percentile. Non benchmark classifications will receive an increase (if applicable). In addition, the City agrees to pay all employees in the unit who are below the 85th percentile, a lump sum payment ~~upon execution of this MOU equal to , representing~~ the difference between their annual total compensation and that of the 85th percentile. ~~This will include all the employees below the 75th as well as the 85th percentile.~~ This is one-time money which does not impact the base salary of any member of the unit.

In all subsequent years of this contract, the City agrees to ~~implement a base salary increase of~~ whatever amount is necessary to bring each ~~all~~ classifications in the unit which ~~are~~ is below the 75th percentile in total compensation to the 75th percentile. In addition, all employees in the unit will be eligible to receive an annual pay for performance payment (paid in connection with their evaluation each year) ~~to pay them for up to~~ the difference between their total compensation and ~~any percentage they are below the total compensation of the highest top agency in the survey and the top agency.~~ The specific terms of the ~~criteria for the~~ pay for performance plan are set forth ~~below~~ in Paragraph B of this Article, below.

NOTE: The 75th and 85th percentile are calculated by using an excel spreadsheet. The array of total compensation numbers for each classification (either the benchmarks or the other classifications whose compensation is determined by internal relationships to the benchmarks) are calculated and placed on an excel spreadsheet. The following formula is then run: ~~"=percentile(A1:A6,0.75)" enter~~ or ~~"=percentile(A1:A6,0.85)".~~ A6 stands for the six survey agencies, ~~assuming 6 agencies are used.~~ Since five agencies are being used in the first year, the formula will say A5. If seven agencies are used in the second year, the formula will say A7

6. Annual Negotiations re Survey

The parties agree that prior to any surveys being completed herein, they must reach mutual agreement on: (1) the identity of the benchmark classifications; (2) the classifications that are comparable to the benchmark classifications from each of the surveyed jurisdictions; (3) internal relationship of non benchmark classifications to benchmark classes or other internal factors; and (4) a satisfactory means to address classifications for which there is no adequate applicable market data.

In addition to the foregoing, the parties acknowledge that at the completion of their negotiations for this MOU, the City was conducting a classification study. At the completion of that study, the parties agree to re-open negotiations regarding the study provided, however, there can be no changes without mutual agreement.

B. Pay for Performance Program

The City of Beverly Hills strives to be a high performance organization, to recognize employees as our most important resource, and to value them for their adaptability, dedication, initiative and contributions to meaningful results. The Management and Professional employees are expected to be among the top performing employees in the City. It is through their leadership (~~including through their development of the employees who work for them~~) and performance that the City can achieve its goal of being a high performance organization.

To achieve the goal of high performance, the parties have established this pay for performance plan. ~~Under the plan which will enable any member of the unit to receive pay for performance each year~~ (effective with any performance evaluation due on September 26, 2009 or later) ~~shall be eligible to receive an annual lump sum payment which will be paid~~ effective at the beginning of the payroll period following ~~which the employee's eligibility is established~~ ~~the date of the final decision on whether an employee will receive pay for performance as described below.~~ In determining whether an employee is eligible for pay for performance, the survey in affect on the employee's anniversary date which shows how the employee compares to the top agency for his/her classification will be used.

Amount of Pay for Performance

Pay for performance is separate from, and in addition to, salary increases which may occur as a result of the salary survey or for any other reason provided ~~for~~ within this MOU. The payment ~~an employee receives can be up to~~ shall be a lump sum amount equal to (depending on performance) ~~that 100%, 66% or 33% of the difference between the amount which will bring an employee's annual total compensation and that of the highest agency to the top agency in total compensation for his/her comparable classification in the annual survey set forth above.~~ ~~in the total compensation survey to which the parties have agreed.~~ If an employee's total compensation is already at or above the top agency in the survey in a particular year, he/she will not be eligible for pay for performance for that year. ~~However, the~~ The maximum amount an employee may receive through the pay for performance program ~~is an amount equal to~~ ~~is a one time payment of up to~~ ten percent (10%) of the top step annual base pay for the employee's classification.

Pay For Performance Criteria

In determining whether an employee is eligible for pay for performance, the following criteria will be analyzed:

1) How well has the employee met and exceeded the goals and objectives of both the employee and the department?

Employees will be expected to meet goals and objectives. Depending on how well the goals and objectives have been achieved will determine how well this criteria has been satisfied.

Each year in meeting with the employee, both the department's and employee's goals and objectives will be identified in writing for the employee. This will include, but not be limited to, a management employee's development of themselves and the employees they manage. This will be a collaborative effort where both the employee and department head will strive to reach an agreement as to the employee's goals and objectives. Ultimately, if an agreement cannot be reached, the department head will set forth the goals and objectives he/she has established for the employee. Although the department head will identify the goals and objectives for the department he/she can/should receive input from the employee and make any modifications he/she deems appropriate. In assessing the employee's performance on this criteria, the department head will go over each goal and objective and identify with as many specific examples as possible how well the goal or objective (both the employee's and department's) has been achieved.

2) How well has the employee kept projects on schedule and on budget?

Management and Professional Employees are responsible for numerous projects in the City. It is their responsibility to ensure that projects are completed timely and within the budgeted resources. The parties recognize that although timely completion and staying within budgeted resources of some projects is beyond the control of the employee, the success of many projects (in terms of timely completion and staying within budget) is driven by the leadership of the Management and Professional employee over the project. The parties recognize that top pay should be reserved for top performers. Top performers take ownership in projects and ensure, to the extent possible, that the employees they manage and supervise to complete a project will do it well and within the established schedule and budget.

As with each of the criteria identified in the pay for performance program it will be the responsibility of the department head to identify with as many specific examples as possible how well the employee has met and/or exceeded this criteria.

3) What did the employee do to improve his job? Specifically, what did the employee do to make his/her job more effective for the organization?

Management and Professional Employees are not only expected to perform well, but also to do things to enhance the effectiveness of their positions to the organization. For example, establishing new methods of enhancing productivity or identifying new ways to accomplish the tasks of his/her division more efficiently. Employees are not simply expected to do perform their jobs well, but as experts in their jobs, they are expected to objectively identify (for example

through training and professional relationships established in their field) how they can be more effective in accomplishing all of the tasks of their jobs.

Again, specific examples should be identified by both the department head and employee in assessing this criteria.

4) How well did the employee avoid unnecessary or avoidable problems/conflicts in the community within the department or other City departments?

City departments service demanding residents and members of the business community as well as interface with other City departments who have come to expect top quality service. In interfacing with our community and City departments, it is often the manager who either directly interfaces with the community member or departments or who has responsibility to ensure that the contact with the City or department is smooth with minimal problems or conflicts. Although problems or conflicts will arise, it is the manager who is responsible for ensuring that they are resolved.

This criteria measures whether the manager was able to avoid unnecessary or avoidable problems/conflicts. These are issues which could have been avoided had processes been in place to address the issue before it became a conflict/problem. They are also issues which involve direct communication with a member of the community, the Department or other City departments where, had the matter been handled more tactfully or professionally, the conflict/problem may have been avoided. The parties recognize that not all problems/conflicts will be resolved even with the most professional service. However, striving for the most professional level of service will invariably reduce conflict.

Pay For Performance Criteria Will Be Calculated As Follows

For each of the four criteria described above, the Department Head will assign an employee a score between 0 and 5, with 5 being “exceptional/outstanding”; 4 being “exceeds standards”; 3 being “satisfactory/meets standards”; and anything less than 2 being less than satisfactory. ~~2 being “needs improvement” and 1 being “serious improvement needed”.~~ Department Heads are permitted to use one-quarter decimals for scores in between whole numbers. Thus, for example, if an employee deserves a score higher than a 4, but lower than a 5, a department head is permitted to score the employee 4.25, 4.5 or 4.75 for each criteria. Annually employees will be eligible to receive a one-time lump sum payment of pay for performance as follows:

- 1) A score between 16.25 and 20 will be considered “exceptional” as it relates to these criteria and entitle the employee to the maximum pay for performance pay ~~as described herein.~~
- 2) A score between 14.25 and 16 will be considered “exceeds standards” as it relates to these criteria and will entitle the employee to sixty six percent (66%) of the maximum pay for performance pay ~~as described herein.~~
- 3) A score between 12.25 and 14 will be considered “satisfactory” as it relates to these criteria and will entitle the employee to thirty three percent (33%) of the maximum pay for performance pay ~~as described herein.~~

4) A score of 12 or below, will result in the employee not being eligible for pay for performance pay.

Pay For Performance Will be Determined At the Time of Each Employee Receives His/Her Annual Performance Evaluation

Every year, as part of each employee's annual performance evaluation, department heads will be responsible for evaluating the criteria within the pay for performance program for each of the Management & Professional employees within their department over whom they supervise.

At the meeting, not only will the department head go over his/her performance evaluation with the employee, but will go over each of the four criteria of the pay for performance program. The meeting will be set up in advance to give the employee the opportunity to prepare for the meeting. It is expected that the employee will be prepared with a self evaluation of his/her performance as it relates to each of the four pay for performance program criteria identified herein. Both department heads and employees will be expected to use specific examples to set forth their respective assessments of the employee's performance on each of the four criteria.

Within ten calendar days after the meeting has been completed, the department head will consider all of the information discussed, including the information provided at the meeting by the employee, and will then issue his/her final assessment of the four criteria. If it is determined that the employee is eligible for pay for performance, the employee will receive a one-time payment of the applicable pay for performance.

Employee's Right to Challenge Decision re Pay for Performance

If an employee disagrees with the assessment of his/her department head, he/she may identify the reasons for his/her disagreement in writing. The department head will consider the employee's disagreement and also respond in writing. The department head's decision at that point will be final. For the pay for performance program to be successful, both the City and the Association must feel that employees are being assessed fairly and objectively based exclusively on performance.

~~B. In addition to the 3% across the board base salary increase effective October 1, 2007, effective that date the City will also increase the base salary of each classification by whatever amount is necessary to cause that classification's total compensation to be at the average total compensation of the of the comparable classes from the surveyed jurisdictions. The compensation study shall be performed by a hired consulting firm, selected and paid for by the City. The compensation study will examine the total compensation of benchmarked classifications using the jurisdictions of Santa Monica, Pasadena, Burbank, Culver City and Glendale. In situations where these cities do not provide a sufficient number of comparability of classifications, the City will expand their scope of surveyed jurisdictions to obtain a representative comparison. The elements of total compensation will include: Monthly Salary (Top Salary), City Pickup of Employees' PERS Contributions, City Paid Medical, City Paid Dental, Long Term Disability, Life Insurance, Deferred~~

~~Compensation, Longevity, Education Incentives, and the dollar value of Paid Leave (Vacation, Holiday, Administrative, Personal and Sick), and availability of overtime. The consultant will be responsible for obtaining specific overtime paid, if any, for each classification in the bargaining unit. In addition, the amount of car allowance paid to employee will be included in the compilation of total compensation. In those cities where employees are required to drive, but where the City furnishes a vehicle, \$300 shall be added to the employee's compensation.~~

~~In the event the total compensation of a classification is above the average of the surveyed jurisdictions, that classification's salary is not to be decreased.~~

~~In the event the cost of bringing the total compensation of all classifications to the average of the surveyed jurisdictions costs less than 1% of the base salary for the entire Management and Professional Unit, any portion of the 1% that remains after all classifications are brought to the average of the surveyed jurisdictions will be distributed evenly among the base salaries of all classifications.~~

2. APPOINTMENT AND ADVANCEMENT

A. Permanent Appointments

The Appointing Authority (as defined throughout this MOU as each employee's Department Head or designee), with the approval of the Assistant Director of Administrative Services/Human Resources ~~Director of Human Services~~ or the City Manager, as required, may make appointments to or advancements within the prescribed salary schedule for any management or professional position. Normally, every appointment will be made at the first step of the salary prescribed. However, in the event an appointment is made at other than Step 1, the following procedure shall be adhered to:

1. The Appointing Authority shall submit, in writing, to the Director of Human Services~~Assistant Director of Administrative Services/Human Resources~~, recommendations and justification for appointment at other than Step 1. Appointments to Step 2 or Step 3 require the approval of the Director of Human Services~~Assistant Director of Administrative Services/Human Resources~~.
2. Appointments to Step 4 or Step 5 shall require the additional approval of the City Manager.

B. Temporary Appointments

~~Temporary appointment to a position in any authorized classification shall be made at the first step of the appropriate salary schedule. In the event an appointment is made at other than Step 1, the procedure relative to permanent appointments shall be followed.~~

~~Persons occupying temporary positions shall not accrue any paid benefits, leave rights, or tenure right. If a temporary employee attains probationary status or if exempt from permanent status, he shall not be eligible for any retroactive payment of benefits~~

BC. Merit Step Advancement

1. Unless otherwise provided by this MOU Compensation Plan, every permanent employee shall receive step advancements in the following manner:

Upon successful completion of the six months of service in his/her assignment in a classification in this unit, an employee shall receive (effective on the first day of the pay period that begins after the six month period) a salary step increase to Step 2 of the prescribed schedule. Subsequently, each year on his/her anniversary date in a position, ~~thean~~ employee shall (effective on the first day of the pay period that begins after his/her anniversary date) be eligible for salary step increases for Steps 3 through 5, provided that the said employee has received an evaluation with an overall rating of at least satisfactory met the standards as provided through the Employee Evaluation Program; such increase is recommended by the employee's supervisor and the Appointing Authority and is approved by the ~~Director of Human Services~~Assistant Director of Administrative Services/Human Resources.

In the event an employee is appointed to a step above the first, he/she shall not be eligible for a salary step increase after six months upon completion of probation, but shall be eligible for a salary step increase upon the completion of one year of service, (on the first day of the pay period that begins after one year of service has been completed) provided the said employee has received an evaluation with an overall rating of at least satisfactory. met the standards as provided through the Employee Evaluation Program.

D. Effective Date of Increase

~~Approved salary step increases shall be effective on the first day following the satisfactory completion of the probation period and on every subsequent anniversary date.~~

CE. Special Merit Advancement

The City Manager may authorize the advancement of an employee to any step within the prescribed schedule for that employee's current position, upon written recommendation of the Appointing Authority, as submitted to the ~~Director of Human Services~~Assistant Director of Administrative Services/Human Resources. Such salary increases shall be effective on the first day of the pay period following the approval by the City Manager if not otherwise specified by the City Manager. A special salary merit advancement shall affect the anniversary of an employee,

causing it to change to the effective date of the ~~latest increase,~~ special merit advancement

F. Salary Schedule Adjustment

~~The City Manager may adjust any management and professional schedule set forth in this Compensation Plan by not more than 5.5%. Such adjustment may not affect the individual's salary~~

DG. Salary Review

~~A member of the Association is permitted to make a request by December 15 of any year to have his/her salary reviewed by the City Manager or designee who will consider the request and respond by March 15 as to whether an increase is warranted. The City Manager's decision is totally within his/her discretion and not subject to challenge or appeal per the dispute resolution process of the parties. The City Manager shall review management and professional salaries annually and based upon this review, salary increases may be granted.~~

FH. Superior - Subordinate Relationships

For the purpose of this section, F a superior-subordinate relationship is defined as a relationship in which a classification has the responsibility for the direct supervision of another classification.

In such a relationship, ~~a~~ the superior shall be paid a monthly salary rate above his/her subordinates. When a subordinate's monthly salary rate is equal to or exceeds that which is being paid to his/her superior, the superior shall receive a special adjustment in an amount which is at least 2.75% above that received by his/her highest paid subordinates.

At any time the superior's base salary (excluding this salary adjustment) exceeds the base salary of his/her subordinates, the salary adjustment granted to him/her by this section shall be eliminated.

Excluded from salary computations are any bonuses paid, shift differentials, overtime payments, or any additional payment paid to a position.

GI. Merit Bonus Program

The Merit Bonus is designed to recognize the exceptional performance of ~~a~~ Management ~~and~~ & Professional ~~e~~ Employees. An Appointing Authority may make a recommendation to the City Manager, as submitted through the Human Resources Services office, that a Employees receive an amount equal to 1-10% of his/her base salary for such exceptional performance.

The Said bonus will be reviewed annually and shall not be treated as base salary. This bonus shall be in addition to any other provided by this MOU. plan.

3. RECLASSIFICATION, PROMOTION, AND Y-RATING

A. Reclassification

When a position in the unit is reclassified upward, the employee in the position incumbent may be appointed to the reclassified position, providing that:

1. The employee incumbent has held the position which was reclassified for a minimum of ninety (90) days immediately prior to the reclassification; and
2. The Said employee meets the qualifications established for the reclassified position.

If the employee incumbent does not meet both of the above criteria, the reclassified positions shall be filled through a recruitment process. ~~Employees shall serve a probation period unless the reclassified position is exempt.~~

B. Y-Rating

~~The City may, under certain circumstances,~~ offer to Y-rate an employee whose position has been eliminated, reclassified downward or for some other reason which has caused the compensation of a position to be reduced. In the event an employee in a position is Y-rated the employee's monthly base salary shall not be increased until the monthly base salary of the position held by that employee ~~meets or~~ exceeds the monthly salary paid to that employee.

C. Compensation After Promotion Or Upward Reclassification

Every employee who is promoted ~~shall serve a probation period as applicable. An employee who is promoted~~ or who is appointed to a position which is reclassified upward shall be appointed to the first step of the salary schedule of the new classification or at least 5.5% above the step and schedule of his/her previous classification, whichever is higher.

4. WORK WEEK AND WORK SCHEDULES

The workweek for all members of the unit shall be 168 regularly recurring hours. For employees working the 5/8 or 4/10 work schedule, it shall begin on Sunday at 12:00 a.m. and end at 11:59 p.m. the following Saturday. For employees working the 9/80 work schedule, each employee's designated FLSA workweek (168 hours in length) shall begin exactly four hours after the start time of his/her eight hour shift on the day of the week that corresponds with the employee's alternating regular day off

~~Every Management and Professional eEmployee is required to work a minimum forty (40) hour workweek, unless otherwise provided stipulated by the City Manager.~~

~~All classes of employees who are working a 5/8, 9/80 or 4/10 work schedule shall continue to work that 5/8, 9/80 or 4/10 schedule, respectively, for the duration of this Memorandum of Understanding.~~

- A 5/8 schedule consists of a weekly work schedule of 5 consecutive workdays, of 8 consecutive work hours each.
- A 9/80 schedule consists of alternate workweeks of 4 consecutive workdays of 9 consecutive hours each, followed by 5 consecutive workdays 4 consecutive days of which consist of 9 consecutive work hours each and 1 day of 8 consecutive work hours.
- A 4/10 schedule consists of a weekly work schedule of 4 consecutive workdays of 10 consecutive work hours each.

~~Effective 10/1/06, the City may compel the Association to reopen negotiations on changing the work schedules of an employee on a 4/10 or 9/80 work schedule, provided it shall meet and confer in good faith with the Association and, if no negotiated agreement is reached, invoke all applicable impasse procedures.~~

The Department Head retains the right to make de minimis changes to the start time of the employee(s) work schedule (i.e., changing the start time of an employee's workday by one hour or less from its regularly appointed time).

However, any other changes to an employee(s) work schedule may be made by mutual agreement of the parties. In the event a major schedule change (i.e., from a 4/10 to a 9/80 or vice versa) is proposed within a Department or City wide, to which the employee(s) has objections or concerns, the Association may request to meet and confer prior to the implementation of the new schedule and the City will meet within 14 days.

5. LEAVES

A. Holidays

All ~~probationary and permanent management and professional e~~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
	President's Day	3rd Monday in February
	Memorial Day	Last Monday in May
	Independence Day	July 4
	Labor Day	1st Monday in September
	Veteran's Day	November 11
	Thanksgiving Day	4th Thursday in November
	Day after Thanksgiving	<u>Day after the 4th Thursday 4th Friday</u> in
November	Christmas Day	December 25

If the following ~~a~~-holidays (January 1, July 4, November 11, and December 25) falls 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. If a holiday falls on a day which is an off day for employees working the 9/80 or 4/10 work schedules on the employee's on a 9/80 day or 4/10 schedule or is off duty and that day is either Monday or Friday holiday, the employee shall receive a floating holiday ~~at straight time, in recognition~~ in lieu of the holiday. Floating holidays may be taken at ~~the~~ each employee's² discretion, subject to approval of the ~~supervisor and~~ Department Head or designee. Generally, these floating holidays may be used after the holiday has occurred unless the employee requests to use the floating day contiguous to the actual holiday. If an employee does not use his/her floating holidays earned within the calendar year (with the exception of those floating holidays which are earned in November or December, in which case the employee will be able to use the floating holiday from that year for the first two months of the following year) in which the employee has received it, he/she will not earn an additional floating holiday in the next calendar year. The parties encourage employees in the unit to use their floating holidays. Since floating holidays cannot be removed from an employee once earned, and the parties do not want employees to ever have more floating holidays on the books than would be received within the current year, a floating holiday carried over at the end of the year results in the employee being unable to earn that holiday in the next calendar year. Department Heads or designees will not act unreasonably in granting requests to use floating holidays. Floating days off or said holiday is non-accruable and employees cannot be paid for a floating holiday if not taken during the fiscal year. Said holiday(s) shall be non-accruable and must be used in the fiscal year in which it was earned.

B. Personal Holiday

~~Management and professional e~~Employees shall be entitled to two additional paid holidays each fiscal year. These Said holidays may be taken at the employee's discretion subject to his/her ~~supervisor's and~~ Appointing Authority's or designee's approval. The employee shall request these said holidays in writing. ~~Said holiday is non-accruable and shall not be paid for if not taken.~~ If an employee does not use his/her personal holidays earned within the calendar year in which the employee has received it, he/she will not earn an additional personal holiday in the next calendar year. The parties encourage employees in the unit to use their personal holidays.

~~ince personal holidays cannot be removed from an employee once earned, and the parties do not want employees to ever have more personal holidays on the books than would be received within the current year, a personal holiday carried over at the end of the year results in the employee being unable to earn that holiday in the next calendar year.~~ Department Heads or designees will not act unreasonably in granting requests to use personal holidays.

C. Vacation

1. Authorization for Taking Vacation

Employees hired into this bargaining unit from outside the City must complete ~~Upon completion of~~ six months of service and obtain approval from ~~of the~~ Appointing Authority, ~~Management & Professional employees may to~~ take accrued vacation leave. However, if a bargaining unit member is promoted to another position within the unit, is transferred within the unit, or changes positions within the unit, he/she may be authorized to take vacation without having to wait six months

An employee entitled to vacation ~~leave~~ shall make written application therefore in the manner and within the time directed by the Appointing Authority. Every Appointing Authority or designee shall establish a vacation schedule for each calendar year based on employee requests and seniority as much as possible ~~upon application and seniority of the employees concerned~~ and subject to the Appointing Authority's right to plan work under his/her control. Once vacation is approved it cannot be rescinded because an employee with more seniority requests vacation during the same time period. ~~He/she~~ The Appointing Authority shall notify ~~every~~ employees within a reasonable time whether their ~~his/her~~ application is approved.

2. Holidays During Vacations

When a holiday falls within an employee's vacation leave, the day will count as a holiday, not vacation. ~~the leave shall be extended by the amount of the holiday time.~~

3. Vacation Accumulation

Vacation credit shall be accrued bi-weekly ~~to~~ by management and professional ~~Employees~~ at the following rates:

FIRST YEAR	BEGINNING THE 2ND	AFTER 14	<u>BEGINNING</u>
	<u>THE 15TH YEAR</u>		
OF SERVICE	YEAR THROUGH		OF SERVICE
	<u>THE END OF THE 14TH</u>		
	OF SERVICE		

3.07 Hours	4.60 Hours	6.13 Hours
Bi-weekly	Bi-weekly	Bi-weekly
80 hrs/year	120 hrs/year	160 hrs/year

~~Employees who have not completed with more than four but not more than fourteen years of service may not accumulate more than 400 hours of vacation at any time. Such employees with 400 hours of accumulated vacation on the books will not continue to accrue vacation until their balance falls below 400 hours~~

~~Employees with more than fourteen years of service whose vacation accumulation at the beginning of a calendar year is less than 400 hours may accumulate annual vacation which will result in their balance being above 400 hours. However, if at the end of any calendar year the vacation accumulation is above 400 hours, they will not continue to accrue vacation until the balance falls below 400 hours, whereupon they will then continue to accrue vacation during that calendar year.~~

~~Management and Professional employees shall accumulate accrued vacation up to a maximum of 240 hours. The current year accrual shall not be included in the accumulation.~~

~~At the end of each calendar year, upon the employee's request, an employee with 240 hours or more of accumulated vacation, can receive cash payment for up to 80 vacation hours earned but not taken during the calendar year.~~

~~Payroll division records are the final authority for settling disputes regarding accrued and accumulated vacation.~~

D. Sick Leave

Every ~~probationary or permanent~~ Employee shall accrue sick leave at the rate of 3.68 hours for each complete bi-weekly period of employment. Sick ~~l~~leave shall be made available ~~for~~ ~~Management and Professional~~ employees to use upon the ~~satisfactory~~ completion of six (6) months service in City employment. ~~Payroll division records are the final authority for settling disputes regarding accrued and accumulated sick leave.~~

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 Labor Code of the State. Any employee ~~(except members of the Fire and Police service entitled to the industrial leave benefits of Section 4850 of the Labor~~

~~Code of the State~~ 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, ~~or accumulated compensable overtime~~ as when added to his/her disability indemnity will result in a payment to him/her of not more than his/her full salary ~~or wage~~.

2. Sick Leave Incentive

~~Management and Professional e~~Employees who accumulate accrue 72 hours or more of sick leave in any payroll year, may receive cash payment for convert up to 24 hours of such sick leave ~~to cash~~ during the month of January of the next succeeding year. The sick leave shall be paid at the employee's then existing rate of pay. The limit of payoff shall be 24 hours per year.

E. Bereavement Leave

~~Bereavement leave is an absence occasioned by the death of a member of the immediate or proximate family 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, parent, brother, sister, child, grandparent, in law or 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.~~

~~Requests for bereavement leave shall be made in writing, when feasible and shall be approved by the appointing authority and the Director of Human Services. In the event the emergency requires the presence of employee, and he/she could not prospectively make a request, subsequent approval must still be obtained in writing.~~

Bereavement leave is an absence occasioned by the death of a family member, herein defined as a spouse, parent, brother, sister, child, step-child, grandparent, in-law or registered domestic partner of the employee

Up to a maximum of forty (40) hours of bereavement leave, per calendar year, (regardless of the number of family deaths) may be used in the event of the death of a family member. 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.

Requests for bereavement leave shall be made in writing, when feasible and shall be approved by the appointing authority and the Assistant Director of Administrative Services/Human Resources.

F. Witness Leave

Any employee who is required to serve as a witness pursuant to a lawful subpoena in any judicial or quasi judicial proceeding in a matter other than one to which the employee is a party, 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 § 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, ~~Management & Professional e~~Employees should notify their appointing authority so that the request for jury duty can be considered relative to the pending projects of the department. This notification will give the appointing authority and employee an opportunity to discuss whether or not a postponement is necessary.

G. Professional Development Program

~~1. Management and Professional Employees~~

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

The granting of sabbatical leaves shall be at the sole discretion of the City Manager and not subject to a challenge, appeal or grievance if denied.

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/her City employment.
 - b. A plan for maintaining work continuity of the employee's duties and responsibilities during his/her absence, with emphasis placed on development of subordinates through training assignments.
 - c. Coordination with departmental priorities and workload.
 - d. Employee's performance record.
 - (1) Sabbatical leaves may allow up to Five Hundred Dollars (\$500) for expenses.

Sabbatical leaves shall be restricted to one (1) leave, up to ninety calendar days, for each ~~management and professional e~~Employee each five (5) years, with not more than five (5) such employees participating in any one (1) year.

~~(2) Sabbatical leaves may allow up to ninety (90) days leave with pay.~~

(23) Each participant in Sabbatical Leave Programs shall submit to the City Manager reports summarizing his/her activities prior to final approval of such programs.

(34) Typical Sabbatical Leave Programs might include internships, on-loan executive programs, educational programs, travel study programs, or authorship sabbaticals.

H. Leave Without Pay

~~Leaves of absence without pay shall be used only if all accrued leaves have been exhausted. Employees on leaves of absence without pay shall not accrue vacation, leave rights, nor shall the City pay for any fringe benefits.~~

Requests for leaves of absence without pay must be submitted to each employee's supervisor and approved by the employee's department head or designee and shall be used only if all appropriate accrued leaves (e.g., sick leave may not be exhausted if the leave is not for a medical purpose) have been exhausted. Employees on leave of absence without pay shall not accrue vacation, leave rights, nor shall the City pay for any fringe benefits, except as required by law. Decisions whether to grant such a leave will be made based on operational needs of the Department.

I. Administrative Leave

Each ~~Management and Professional e~~Employee will be granted 80 hours of Administrative Leave each calendar year (all of which is available for use starting on January 1 of each year, but which is earned accrues (for purposes of cash-out in case a unit member leaves the City) pro-rata during each pay period throughout the year) pursuant to the following:

Administrative Leave shall be granted in recognition of ~~overtime~~-work performed above normal work hours and the nature of the work performance and expectations placed upon ~~Management and Professional e~~Employees. Use of aAdministrative ~~Leave~~ shall be approved by the employee's department head or designee~~Appointing Authority~~, noting the needs of the department and the necessity of having Management and Professional personnel available for the effective functioning of the department.

Administrative Leave as provided herein is non cumulative between calendar years. At the end of each calendar year, upon employee request, the employee will receive

cash payment for up to 40 hours administrative leave earned but not taken as time off during the calendar year. If, after cashing out up to 40 hours of Administrative Leave an employee still has Administrative Leave on the books, for the following calendar year, he/she will be only accrue (during each pay period) receive that amount of Administrative Leave for the which (when added to the carried over Administrative Leave from the prior calendar year) will result in the employee accruing 80 hours of leave. will bring up his/her balance to 80. For example, if an employee has 60 hours of Administrative Leave at the end of the year and cashes out 40 of those hours, in the following calendar year, he/she will accrue 60 hours of Administrative Leave. This is so, notwithstanding that he/she may use his/her annual allotment of such leave during any time during the year

6. INSURANCE PROGRAM

A. Medical Insurance

The City contracts with the Public Employees' Retirement System for medical insurance. The City shall provide a medical health insurance program to employees, 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 industrial injury, the City shall pay the ~~health~~ medical insurance premium of an employee and dependents if covered, to the limit of one month's coverage for each full year of said employee's City services.

Conversion to PERS Plan

~~Effective January 1, 1995, the City converted Management & Professional personnel from the City's present medical insurance plan to the PERS medical insurance plan. The City agrees to enroll such employees and eligible retirees in the PERS plan as soon as reasonably possible.~~

The payment of premiums ~~benefits~~ toward this ~~health~~ medical insurance program will be through the administration of a flexible benefit package. The City shall pay ~~\$16.00/month~~ the PERS statutory minimum (\$97.00 for 2008, \$101.00 for 2009 and yet still undetermined for 2010, 2011 2012 and 2013 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 ~~\$16.00 a month~~, PERS statutory minimum flexible benefits shall be provided as follows:

- 1) For current ~~active~~ employees, the City shall pay the difference between the PERS statutory minimum \$16.00 and the actual cost of medical insurance premiums up to full family coverage.

- 2) For ~~Management & Professional employees~~ retirees retiring who retired (service retirement only) after July 1, 1981, with the exception of those employees hired or promoted into the bargaining unit on or after December 2, 1997, the City shall continue to pay the difference between the PERS statutory minimum \$16.00 and the actual cost of the medical insurance premium 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 single party coverage for the spouse, ~~as noted above,~~ up to the rate of the PERS Care Plan under PERS medical.
- 3) For employees hired or promoted into the Management & Professional group on or after December 2, 1997, the retiree health insurance benefit shall read as follows:

To qualify for this benefit, an employee shall:

- a) Complete a minimum of 5 years of full-time employment with the City of Beverly Hills which need not be entirely within the bargaining unit; and
- b) Receive a service retirement from the City of Beverly Hills; and
- c) Not perform any paid work in excess of 960 hours per fiscal year for a PERS contracting agency following retirement from the City of Beverly Hills.

Upon these conditions, the City shall continue to pay the difference between the ~~\$16.00~~ PERS statutory minimum and the actual cost of medical insurance up to the single party rate of the PERS Care plan under PERS medical at the following rate:

- a) The City will pay 25% of the cost of the insurance premium ~~for employees who have completed 5 years of total service with the City of Beverly Hills.~~
- b) The City will pay an additional 5% of the cost of the insurance premium for each year of employee total service with the City of Beverly Hills up to 20 years. For example, the City will pay 40% of the cost of the insurance premium after the completion of eight years, 60% after the completion of 12 years, 80% after the completion of 16 years and 100% after the completion of 20 years.
- c) Employees who retire, as discussed above, with 20 or more years of total service with the City of Beverly Hills will be entitled to receive 100% of the cost of the difference between the PERS statutory

minimum and the actual cost of the medical insurance up to the PERSCare—single party insurance premium.

- d) The City will not pay more than 100% of the cost of a retiree's insurance premium.

B. Dental Insurance

~~The City shall provide a dental insurance plan to employees, the cost of which shall be borne by the City. The cost of the coverage may vary, contingent upon the number of dependents claimed. The City shall contribute per employee the actual cost of the dental insurance up to the family coverage dental premium in the City dental plan.~~

C. Life Insurance

~~As soon as feasible, Management and Professional e~~Employees shall be entitled to a one hundred thousand dollars (\$100,000), 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 Leave Extended Disability Salary Continuance

~~The City shall provide to each probationary or permanent employees extended disability salary continuance in the event that an eligible employee sustains an injury arising within the course and scope of employment~~

In the event of a work-incurred injury sustained by an employee, the City shall continue to pay the gross salary, less legally required deductions, to the injured employee for a period not to exceed ten (10) ~~full~~ working days.

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 work-incurred injury for which the employee is receiving extended disability salary continuance from the City shall be paid to the City for the first ten (10) working days of absence due to injury in order to qualify for this program.

For any employee to qualify for this program, the Appointing Authority must notify Human ~~Resources Services~~ in writing immediately upon receiving knowledge of a work incurred injury. ~~Human Services will contact physicians and medical treatment centers as may be appropriate to determine the severity and scope of injury and probable length of absence of the employee who must make himself or~~

~~herself available for examination. Human Services will so inform the Appointing Authority and request all necessary City supplied forms.~~

E. Disability Insurance

The City shall provide at the City's cost long term disability insurance for ~~Management and Professional e~~ Employees. This insurance provides for 2/3 of monthly salary up to a maximum of \$6,000 per month, except as may be provided under the applicable plan document.

F. Optical Insurance

The City shall provide at the City's cost an optical insurance plan to employees, the cost of which shall not exceed \$22,5016.00 per month per employee.

G. Health and Welfare Benefits Effective January 1, 2010:

The City contracts with the Public Employees' Retirement System for medical insurance coverage of eligible employees and retirees. Eligible new hires are covered under the program on the first day of the month following a 30-day waiting period that begins on the hire date.

Effective January 1, 2010, the City will contribute the PERS statutory minimum on behalf of each participant in the program. A participant is defined as any of the following individuals: (1) a covered employee, (2) a covered retiree, and (3) a covered surviving annuitant of a deceased retiree.

In addition, the City will provide current employees with flexible benefits through a cafeteria plan as provided below.

Any language contained in this MOU which is also contained in the cafeteria plan documents is done so for the convenience of the parties. However, the parties agree that all of the provisions of the cafeteria plan documents (whether included in this MOU or not) are applicable and binding on the parties to this MOU.

1) Cafeteria Plan: The provisions of the Cafeteria Plan are described below.

a) Benefits provided through Cafeteria Plan:

Effective January 1, 2010, the following insurance benefits provided for in this Article will be provided through the provision of a cafeteria plan adopted in accordance with the provisions of IRS Code § 125: medical, dental, and optical. As such, paragraphs B and F (dental and optical insurance) of this Article will be superseded by the provisions of the cafeteria plan on January 1, 2010. The provision of medical insurance to employees (as contained in paragraph A above) will also be superseded by the

provisions of the cafeteria plan on that date. Nothing herein will impact the provisions of paragraph A2 and A3 above as they relate to retiree medical insurance for employees and their dependents in the bargaining unit on or before December 31, 2009.

b) The Purchase of Optional Benefits Through the Cafeteria Plan:

The cafeteria plan offers employees the opportunity to purchase the following optional benefits: medical, dental and optical insurance.

Effective January 1, 2010, employees employees hired or promoted into the Management & Professional group on or before December 31, 2009 shall be provided with an amount which will total an amount which includes the family PERS Care, family dental (Guardian) and family optical (VSP) per month to purchase the optional benefits of medical, dental and optical insurance. (For employees who participate in medical insurance through CalPERS, the amount described above will include the PERS statutory minimum paid by the City.) Each year on January 1, the amount shall be adjusted by the amount of the increase in family-PERS Care, family dental and family vision.

For employees hired or promoted into the Management & Professional group after December 31, 2009, the amount they shall be provided for the purchase of optional benefits will total an amount which includes the two-party PERS Care, family dental (Guardian) and family optical (VSP) per month to purchase the optional benefits of medical, dental and optical insurance. (For employees who participate in medical insurance through CalPERS, the amount described above will include the PERS statutory minimum paid by the City.) Each year on January 1, the amount shall be adjusted by the amount of the increase in two-party PERS Care, family dental and family vision.

(1) Medical Insurance

Eligible employees may select any of the following medical insurance plans offered by CalPERS:

<u>HMO Plans</u>	<u>PPO Plans</u>
<u>1) Kaiser;</u>	<u>1) PERS Care;</u>
<u>2) Blue Shield Access +; or</u>	<u>2) PERS Choice; or</u>
<u>3) Blue Shield Net Value</u>	<u>3) PERS Select</u>

If CalPERS changes any of the medical insurance plans by either adding to or deleting the plan options described

above, employees will be limited to those plan options offered by CalPERS.

For each of the foregoing plans, employees will also be able to choose the benefit for the employee, employee + 1 or employee + family. Covered employees are required to participate in CalPERS medical insurance under one of the available options. An employee may, however, elect not to participate if he/she provides the City with proof that he/she has comparable medical insurance from another source.

(2) Dental Insurance

Employees shall also have the ability to select from two levels of dental insurance from the City's dental insurance provider, Guardian. The City reserves the right to change dental insurance providers if necessary. If it does, employees will be provided with similar benefits with the new provider. As with medical insurance, employees will have the options of: employee, employee + 1 or employee + family. Employees do not have to choose any dental insurance and need not provide proof of dental insurance from another source.

(3) Optical Insurance

Employees shall also have the ability to select from two levels of optical insurance from the City's optical insurance provider, Vision Service Plan (VSP). The City reserves the right to change optical insurance providers if necessary. If it does, employees will be provided with similar benefits with the new provider. As with medical insurance, employees have the options of: employee, employee + 1 or employee + family. Employees do not have to choose any optical insurance and need not provide proof of optical insurance from another source.

c) Employee Contributions for Benefit Options: If an employee chooses optional benefits whose aggregate cost exceeds the total City contributions to the Cafeteria Plan, the City will automatically deduct the excess amount on a pre-tax basis from the employee's bi-weekly payroll.

d) The Receipt of Cash Through the Cafeteria Plan: Employees will be eligible to receive cash (subject to taxation as wages) through the cafeteria plan if they either opt out of receiving one of the optional benefits provided through the plan or if they choose optional benefits

that do not cost as much as the maximum dollar amount they receive through the plan as follows:

(1) Receipt of Cash for Opting Out of the Optional Benefits

Employees who elect not to be covered by any of the three optional benefits provided through the cafeteria plan, and meet the opt out requirements, if any, shall receive the following monthly amount as cash wages for each benefit for which the employee opts out:

<u>1) medical insurance</u>	<u>\$500.00</u>
<u>2) dental insurance</u>	<u>\$125.00</u>
<u>3) optical insurance</u>	<u>\$15.00</u>

(2) Maximum Receipt of Cash If Optional Benefits Chosen Result in the Employee Still Having Cafeteria Plan Contributions Available

The cafeteria plan offers employees the ability to purchase each of the three optional benefits with the City's contribution to the cafeteria plan. Employees may choose to purchase benefits that cost less than the City's contribution to the cafeteria plan and choose to receive cash wages with their remaining City contribution. An employee who chooses to receive any of the optional benefits under the cafeteria plan shall be eligible to receive up to \$500.00 as cash wages as long as he/she has not reached the cafeteria plan maximum amount with his/her purchases:

If, after opting out of one or more optional benefits or purchasing optional benefits through the cafeteria plan (under G(1)(d)(1) or (2)) an employee would exceed the City contribution amount to the cafeteria plan through the receipt of the cash wages described herein, the cash wages the employee will be provided is that amount which will bring the employee to the maximum amount of provided for the particular employee.

Thus, for example, (under G(1)(d)(1) above) if an employee (eligible to receive \$1,961.00, **for example**) opts out of dental insurance and purchases medical and optical insurance with premiums which add up to \$1,250.00, he/she would receive \$125 for opting out of dental insurance. However, if the premiums added up to \$1,950.00, the employee would only receive \$11 for opting out of dental insurance, not the \$125 because the \$11 would cause the employee to reach the cafeteria plan contribution maximum.

As another example, (under G(1)(d)(2) above) if an employee hired on February 10, 2010 (and eligible to receive \$1,961.00, **for example**)

purchases \$1,818.00 worth of optional benefits per month including medical insurance, he/she will receive \$143.00 per month in cash. However, if an employee only purchases \$700.00 per month in medical, dental and optical insurance, he/she will receive \$500.00 per month in cash.

e) Flexible Spending Accounts: The cafeteria plan will also offer employees the opportunity to participate in both a health care and dependent care flexible spending account (each an FSA) whereby employees will be able to defer up to \$2,500 per year (for the health care FSA) and up to \$5,000 per year (for the dependent care FSA) to pay for any eligible out of pocket expenses related to health care or dependent care on a pre-tax basis. The provisions of both of these FSA's will be provided in a plan document. The plan document will be available to each eligible employee upon request. Essentially, before January 1 of every year, employees will be able to elect to have their compensation (up to the aforementioned limits) for the upcoming year deducted biweekly and contributed on a pre-tax basis to the FSA. During the year (and for a short grace period thereafter), an employee can receive reimbursements under the FSA for covered expenses incurred during the year, up to the amount of the employee's contributions for the year. The FSA deductions will be withheld from employees' regular payroll.

2) Mandatory Health and Welfare Benefits: The following are benefits that all employees are included in at the City's cost: term life insurance (\$100,000 policy) and disability insurance which provides for two-thirds (2/3) of monthly salary up to a maximum of \$6,000 per month, except as may be provided under the applicable plan document. Paragraphs C and E of this Article will be superseded by the provisions of this paragraph G.(2) on January 1, 2010.

3) Supplemental Term Life Insurance: Employees may also purchase supplemental term life insurance, if available, with deductions from their bi-weekly compensation as designated by each employee. Although employees may use cash wages they receive through the cafeteria plan to purchase supplemental term life insurance, they cannot defer cash wages they receive through the cafeteria plan directly into the purchase of supplemental term life insurance. It must be a deduction from their paycheck.

4) Deferred Compensation: In accordance with the tax rules, any cash that an employee may receive through the cafeteria plan may not be deferred to the employee's accounts under the City's retirement plans. The employee may, however, be able to elect to increase his/her deferrals to the City's retirement plans from his/her regular wages.

5) Benefits if on an Industrial Leave: In the event an employee is on a leave without pay as a result of an industrial injury, the City shall pay the PERS statutory minimum for that employee (assuming the employee wants medical, dental or vision coverage from the City) for up to the duration of the leave. In addition, outside of PEMHCA, assuming the employee wants to be covered by medical, dental or vision insurance the employee shall receive his/her additional cafeteria plan contribution (up to the maximum amount provided above) amount for one month for each year of full service up to one year. If an employee choses to opt out of insurance and receive cash as described above, he/she will be eligible to receive that cash for one month for each year of full service up to one year.

H. Retiree Medical Insurance For Employees Hired By the City Before January 1, 2010

(1) All employees ~~in the unit~~ employed by the City ~~in the uni~~ on or before December 31, 2009, shall maintain their existing entitlements to retiree medical benefits. ~~have no changes made to their or their dependents' entitlement(s) to receive retiree medical benefits as a result of the parties' creation of the cafeteria medical plan.~~

(2) For retirees and their dependents participating in the CalPERS medical insurance program, the City will pay the statutory minimum. In addition, the City will provide benefits through a medical reimbursement program.

(3) ~~In accordance with the tax rules, r~~Retirees and their dependents will not be permitted to ~~receive cash back options per the participate in the~~ cafeteria plan.

I. Retiree Medical Insurance For Employees Hired On Or After January 1, 2010

Employees hired by the City into the unit on or after January 1, 2010 who retire from the City will receive the PERS statutory minimum paid by the City in accordance with paragraph G.

In addition, for employees hired into the unit as new employees of the City on or after January 1, 2010, in lieu of additional retiree medical insurance benefits, the City shall, while the employees are working for the City, contribute the sum of \$300 per month (\$138.46 per pay period) to a retirement account on behalf of such employees.

For employees who promote into the unit after January 1, 2010 who were City employees as of December 31, 2009, they will receive retiree medical benefits (based on their years of service with the City) in accordance with the benefits of this MOU as though they were a member of the bargaining unit prior to January 1, 2010.

~~When such employees retire, they will be able to purchase health insurance by contributing the additional costs for PERS medical, dental and optical insurance that they choose.~~

J. Purchasing Additional Insurance If Funds Are Insufficient to Cover Cost of Chosen Benefits

~~Any retiree who whose City contribution for retiree medical, dental and/or vision insurance is insufficient to cover the actual cost of such insurance for the retiree and his/her eligible dependents can purchase such insurance through CalPERS by paying the additional amount in excess of the City contributions.~~

7. RETIREMENT

A. Retirement Formula

~~The City is in CalPERS and contracts with CalPERS to provide Effective as soon as feasible, the City shall take all action necessary to amend its contract with the Public Employees' Retirement System to implement the 2.5% at 55 retirement formula set forth in California Government Code §Section 21354.4. The City shall pay 7% of the 8% required employees' contribution to CalPERS on behalf of each employee. The remaining 1% required employees' contribution shall be borne by the employee, through a payroll deduction. Effective either October 1, 2007, or whenever the City reaches "super funded" status with CalPERS, whichever is sooner, the City will pick up the remaining 1% required employees' contribution paid by the employee, as well. Thereafter, the city shall continue to pay the full 8% employee contribution.~~

B. Single Highest Year

~~The City's contract with the CalPERS Public Employees Retirement System provides for the "Single Highest Year" final compensation period, for Employees, per Government Code Section 20042 pursuant to Government Code Section 20042.~~

C. 1959 Survivor's Benefit

~~Effective as soon as possible, the City shall take all action necessary to amend its contract with CalPERS to implement Level 4 coverage under the 1959 Survivor's Benefit. The City is under contract with CalPERS which provides level 4 coverage under the 1959 Survivor's Benefit, per Government Code section 21574~~

D. Pre-Retirement Option 2 Benefit

~~Effective as soon as possible, the City shall take all action necessary to amend its contract with The City's contract with CalPERS to provides the for Pre-Retirement Optional Settlement 2 Benefit as set forth in Government Code §Section 21548 for Employees.~~

E. PERS Benefit Provided by Government Code section 20636(c)(4)

Effective November 1, 2008, pursuant to Government Code section 20636(c)(4), the City shall pay ~~(as already provided by subdivision A of this article)~~ and report to ~~P.E.R.S.-CalPERS~~ as compensation earnable the monetary value of ~~the employer paid member contribution contributions paid by the City~~ on behalf of each employee ~~(as described in subparagraph A above and known as "employer-paid member contribution") (EPMC) covered by this MOU.~~ For purposes of this agreement this ~~"Pay and Report of EPMC" benefit~~ shall be known as "PERS on PERS".

8. CAR ALLOWANCE AND MILEAGE

Car allowances shall be paid to employees pursuant to the provisions of ~~Refer to~~ Administrative Regulation 3A.4. There shall be no changes to AR 3A.4 without the agreement of the parties.

The parties agree that the City will amend the Administrative regulation addressing vehicle allowance to reflect that proposed changes to the ~~list of proposed classes eligible for the allowance regulation~~ will be submitted by employees to their Department Head by February 1 each year. The regulation shall provide that the Department Head, in consultation with Finance and Human Resources, will render a written decision with reasons within 30 calendar days. The decision is not grievable.

9. ADVISORY ARBITRATION

~~This section applies only to those classifications within the classified service.~~

~~Grievances, as defined in section III.A. of Administrative Regulation Number 3B.2, and appeals in connection with disciplinary actions, as defined in subsection (a) of Municipal Code Section 2 5.205, shall be submitted to advisory arbitration.~~

~~Representatives from the City and the employee group shall attempt to agree upon the person who shall serve as the advisory arbitrator. If the parties cannot agree on the arbitrator, he or she shall be selected from a panel of seven names to be supplied by the American Arbitration Association. The party filing the grievance or the disciplinary appeal shall strike the first name from the panel. The parties shall thereafter alternate striking names from the panel until one name remains who shall be the advisory arbitrator. The costs of the advisory arbitrator shall be shared equally by the City and the employee.~~

~~The arbitrator shall issue a written advisory opinion to the City Manager, and shall provide copies to the employee, the applicable Department Head, the City Manager and the Department of Human Services. Within ten days from the receipt of the advisory arbitration's decision, the employee and the applicable Department Head may submit to~~

~~the City Manager a brief statement, not exceeding 3 double spaced pages, stating whether they believe the advisory arbitrator's decision is correct or not. Within 45 days of receipt of the advisory arbitrator's opinion, the City Manager shall issue a written decision and send such decision to the Department of Human Services. The Department of Human Services shall provide copies to the employee and to the applicable City Department Head.~~

~~The City Manager may accept, reject or modify the advisory arbitrator's opinion or any part thereof. If the City Manager modifies the advisory opinion, he/she may increase, decrease or otherwise modify the penalty or relief as recommended by the arbitrator. In no case, however, may the City Manager increase the penalty above that imposed by the Department Head. The City Manager's decision shall be final and binding. In reaching his/her decision, the City Manager shall review the advisory arbitrator's opinion, the brief statement (if any) on the advisory arbitrator's decision submitted by the parties to the City Manager, and the evidence, both documentary and testimonial, and arguments presented to the advisory arbitrator.~~

9. MANAGEMENT RIGHTS

Except as limited by the specific and express terms of this ~~MOU~~Memorandum of Understanding, the City hereby retains and reserves unto itself all rights, powers, authority, duty and responsibilities confirmed on and vested it by the law and the Constitution of the State of California and/or United States of America.

The management and the direction of the work force of the City is vested exclusively in the City, and nothing in ~~the~~this ~~MOU~~Memorandum of Understanding is intended to circumscribe or modify the existing rights of the City including but not limited to the direction of the work of its employees; the right to layoff hire, promote, demote, transfer, assign, schedule (except as otherwise provided within this MOU) ~~and retain employees in positions within the City;~~ subject to the rules and regulations of the City; suspend or discharge employees at will since all employees in the bargaining unit are at-will employees for just and proper cause; to maintain and improve the efficiency of governmental operations; to subcontract out any services which the City deems appropriate to contract out; to relieve employees from duties because of lack of work or funds with no right of appeal to take action as may be necessary to carry out the City's mission and services in emergencies; to determine the methods, means and appropriate job classifications, organizational structure and personnel by which the operations are to be carried out; and to establish reasonable performance standards for personnel, including but not limited to qualifications and quantity standards. If the City subcontracts out any bargaining unit work, the City shall present the M&P Association with any request for proposal being publicly disseminated. The M&P Association shall also receive copies from the City of all RFP submissions within one week of the close of the time for RFP's to be submitted.

10. ASSOCIATION/CITY DISPUTE RESOLUTION

The City and M&P Association agree that the cause of quality public services for the citizens of Beverly Hills can be materially assisted through the timely resolution of employment disputes in the least formalistic way possible, and through the maintenance of high employee morale. To that end, the City and M&P Association hereby agree to establish the Association/City Dispute Resolution ~~as a pilot program to test new and better ways to accomplish their mutual goals.~~

Any ~~alleged violation, misinterpretation or misapplication of past practices and PRACTICES, POLICIES AND~~ this practices, policies and MOU dispute (except disciplinary action, defined as: suspension, demotion, reduction in compensation or dismissal) arising under this MOU that cannot be settled informally with discussions between the Association and the under the auspices of Assistant Director of Administrative Services/the Human Services Resources Director may be submitted by the M&P Association or an individual employee to the mediation and arbitration processes described below.

The City will request a list of seven mediators/arbitrators from the State Mediation and Conciliation Service. Once the list is received, the parties will flip a coin as to who shall strike first. After the parties have stricken names from the list, a mediator/arbitrator will be chosen. The parties will then cooperate which other and coordinate a date for a mediation/arbitration with the chosen mediator/arbitrator. ~~and the Association have jointly agreed that the list of mediator/arbitrators shall comprise: Fredric Horowitz, Michael PriharJoe Woodford and Douglas Collins. This list may be amended by mutual agreement of the parties. If a dispute is unable to be resolved by the Human Services Director, the Association may ASSOCIATION select a mediator/arbitrator from the list above. SaidThe~~ mediator/arbitrator will first attempt to mediate a settlement of the dispute, but if mediation fails, he/she will prepare a written report, after conducting a hearing on the issue, of his/her findings and proposed resolution of the dispute for submission to the City Manager. The City Manager shall accept, reject or modify the arbitrator's proposed resolution. review the report and decide whether to adopt it or not. If the City Manager modifies or rejects, he/she put his/her reasons in writing. If the report is accepted in its entirety, the City Manager may simply indicate that he/she adopts the report in its entirety. ~~adopt the report as his/her own except in exceptional circumstances.~~ If the City Manager fails to accept, reject or modify the arbitrator's award resolution within thirty (30) days of receipt by the City Manager, it shall be deemed accepted.

11. EXEMPT/ AT-WILL EMPLOYMENT

~~The Management and Professional e~~Employees are exempt from Civil Service, and serve at the will and pleasure of the appointing authority pursuant to Beverly Hills Municipal Code Section 2-5.206; ~~with the exception of the classification of Senior Librarian which is in the classified service of the City of Beverly Hills.~~ At will employment is defined by Labor Code § 2922. The parties acknowledge that all bargaining unit employees are at-will as defined by section 2922.

12. SAVINGS CLAUSE

If any benefit or provision of ~~the~~ this MOU is deemed by a court of competent jurisdiction to be illegal or otherwise unenforceable, the remaining benefits or provisions of ~~the~~this MOU shall remain in full force and effect. In the event of such invalidation, ~~the parties shall replace any illegal or unenforceable benefit with another benefit or provision of equal or similar value.~~ The City and Association shall meet and confer in good faith concerning the invalidation of the replacement benefit or provision, including whether a replacement benefit or provision is necessary and appropriate. This section shall not require a replacement benefit or provision that will result in financial or administrative burdens to the City, including the amount and timing, greater than the benefit or provision it is replacing. If the parties are unable to reach agreement, they agree to submit the matter to the Association/City Dispute Resolution Program, set forth in Article 11.

13. DUES/FEE DEDUCTION

The City agrees that it shall, upon the written request of the Association's president, deduct dues and/or fees from the payroll checks of employees employed in classifications represented by the Association, and to transfer the total sum of the dues and/or fees deducted to the Association on a biweekly basis. Dues and/or fees may be specified by the Association to be a flat dollar amount or a percentage of salary. Dues deductions shall be authorized in writing by the individual employee.

~~15. AGENCY SHOP~~

14. AGENCY SHOP

~~THE ASSOCIATION AND THE CITY HAVE AGREED THAT EMPLOYEES IN CLASSIFICATION RECOGNIZED TO BE REPRESENTED BY THE ASSOCIATION MUST, AS A CONDITION OF EMPLOYMENT, JOIN THE ASSOCIATION AND PAY TO IT MEMBERSHIP DUES OR NOT JOIN THE ASSOCIATION AND PAY TO IT A REPRESENTATIONAL FEE IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 3502.5 EMPLOYEES BELONGING TO A BONA FIDE RELIGION THAT HAS AS ONE OF ITS PRINCIPAL TENANT A PROHIBITION AGAINST SUPPORTING EMPLOYEE ORGANIZATIONS CAN CLAIM A RELIGIOUS EXEMPTION AND MAKE A CHARITABLE DONATION EQUAL TO THE REPRESENTATIONAL FEE IN A MANNER PROCRIBED BY SECTION 3502.5~~ The Association and the City have agreed that employees in classifications recognized to be represented by the Association must, as a condition of employment, either join the association and pay to it membership dues or not join the association and pay to it a representational fee in accordance with California Government Code section 3502.5. In addition, employees belonging to a bona fide religion that has as one of its principal tenant a prohibition against supporting employee organizations can claim a religious exemption and make a charitable donation

equal to the representational fee in a manner procribed by section 3502.5 The parties agree that the charitable donation may be made to the American Red Cross, American Cancer Society or the United Way. ~~In the event the Association's membership elects to implement an agency shop pursuant to California Government Code Section 3502.5, the City shall honor such election and perform all tasks necessary to implement such agency shop as required by law.~~

15. SEPARATION FROM CITY SERVICE

A. Sick Leave Pay-Off

All ~~accrued, unused accumulated~~ sick leave ~~earned and credited~~ at the date of separation from City service ~~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.

Employees who have ~~worked achieved~~ seven (7) or more continuous years of 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 separation termination of from employment with the City.

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

-For the first 7 full years of service - 213% of ~~accrued, unused accumulated~~ sick leave ~~per full year of service~~.

-For each year ~~thereafter~~ the seventh year - 5% of ~~accrued, unused accumulated~~ sick leave per full year of service to a maximum of ~~79+00%~~. The maximum rate of sick leave payoff when this paragraph and the preceding paragraph are combined is 100%.

-Sick leave pay-off shall be calculated at the rate of pay received by the employee at the time of ~~separation termination~~. Each employee eligible to receive sick leave pay-off shall receive the said payoff at the time of separation termination.

B. Vacation Pay-Off

An ~~e~~Employee who separates terminates from City service shall receive an amount equal to ~~accrued unused accumulated~~ vacation at the time of separation termination. The rate of pay-off shall be ~~based on~~ calculated at the rate of pay at the time of separation termination. An employee shall not have the option of utilizing ~~accrued accumulated~~ vacation, in lieu of receiving vacation pay-off at the time of separation termination.

16. DEFERRED COMPENSATION

A. City Contribution

The City shall contribute \$50.00 ~~per a~~ month on behalf of each ~~Management & Professional e~~Employee to the City's deferred compensation program.

B. Conversion of Sick Leave to Deferred Compensation

~~Employees may convert~~ choose to contribute part of their accumulated sick leave to ~~salary~~deferred compensation. The contributed sick leave ~~extra pay~~ may only be used to fund "catch up" contributions to deferred compensation. The following restrictions apply to this program.

- 1) The employee ~~must~~shall have a minimum of 15 years of service with the City of Beverly Hills.
- 2) The ~~individual's employee's~~ sick leave balance ~~accrual~~ cannot be reduced below 500 hours by the contribution.
- 3) The ~~conversion~~contribution ~~is~~ limited to no more than three consecutive years (although an employee may contribute more than three years over his/her career), and the ~~conversion~~ contribution can be used only for funding the deferred compensation "catch-up".
- 4) A ~~conversion~~ contribution shall not exceed the amount which will bring the annual deferral to the maximum allowed by law, of no more than \$7500 per employee per calendar year is allowed.
- 5) The ~~conversion~~contribution will be calculated at the then existing sick leave payoff percentage.

~~This document is not a contract but a written Memorandum prepared pursuant to the requirements of Government code Section 3505.1 for presentation to the City Council for its determination. This MOU is prepared pursuant to the requirements of Government Code § 3505.1 for presentation to the City Council for its approval.~~

This Memorandum is signed on this _____ day of _____, 20094.

City of Beverly Hills
Representatives

Management & Professional
Employees Association

epmp1004final

~~2008-2012 M&P Final Contract~~

EXHIBIT A – LIST OF CLASSIFICATIONS REPRESENTED BY THE ASSOCIATION

BUILDING & SAFETY

Plan Review Manager
Supervising Plan Review Engineer
Sr. Plan Review Engineer/Architect
Plan Review Engineer/Architect
Building Inspection Manager
Code Enforcement Manager
Permit (Center) Manager
Plan Review Engineer/Architect

FISCAL & BUDGET

Real Estate/Property Manager
Accounting Manager
Principal Accountant
Senior Budget & Financial Analyst
Budget & Financial Analyst
Revenue Manager
Revenue Investigator
Safety Officer

GENERAL/HR ADMINISTRATION

Personnel Manager
Assistant to the City Manager
Training & Organizational
Development Coord.
Senior Management Analyst
Office Manager
Records & Archives Manager
Management Analyst

INFORMATION TECHNOLOGY

IT Operations Officer
Multimedia Services Manager
IT Systems Architect
Business Info Systems Administrator
Network Administrator
Client Support Administrator
GIS Integrator
Systems Integrator
Web Applications Integrator
Security Administrator
Art Director

LIBRARY

Library Services Manager
Librarian III

CULTURAL & RECREATION

Park & Urban Forest Manager
Community Outreach Manager
Community & Cultural Services
Administrator
Recreation Services Manager

PLANNING

Principal Planner
Environmental Project Manager
Senior Planner
Associate Planner

SAFETY SUPPORT

Assistant Division Commander
Records & Jail Manager
Communication & ID Bureau Manager
EMS Coordinator (Fire)

PUBLIC WORKS ENGINEERING

Project Manager
Principal Civil Engineer
Traffic Engineer
Associate Project Manager
Civil Engineer
Project Administrator
Transportation Planner

PUBLIC WORKS MAINTENANCE

Water Operations Manager
Parking Operations Manager
Transportation & Operations Manager
Solid Waste Manager
Vehicle Maintenance Manager
Plant Engineer
Facilities Maintenance Manager
Street Superintendent
Water Quality Specialist

Attachment 2

Agreement

MANAGEMENT AND PROFESSIONAL EMPLOYEES

MEMORANDUM OF UNDERSTANDING

The Management and Professional Employees Association of Beverly Hills, (herein after referred to as "M & P Association") a formally recognized employee organization, representing all of its members within the Management and Professional Unit (herein after referred to as "Employees"), and duly authorized representatives of the Management of the City of Beverly Hills (herein after referred to as "the City") have met and conferred in good faith, fully exchanging information, opinions and proposals, and have reached the following agreement (hereinafter referred to as "MOU" or "agreement") within the scope of representation. A list of all of the classifications represented by the Association is attached to this MOU as Exhibit A.

Now, therefore, the parties agree and mutually recommend to the City Council the following for its determination:

1. Integration. This document embodies a written memorandum of the entire understanding and mutual agreement of the parties as required by Government Code Section 3505, et seq. and supersedes all prior Memoranda of Understanding and verbal agreements between the parties hereto. It is recognized that there exists now certain past practices, policies or procedures that are in force and effect which affect wages, hours and working conditions. To that extent, it is agreed that such practices, policies and procedures shall remain in full force and effect during the entire term of this agreement, unless they are inconsistent with the provisions of this MOU, or unless they are changed by agreement of the parties.
2. Term. Unless otherwise specified herein, this MOU shall be effective September 27, 2008 and shall expire on October 5, 2013.
3. Definition of the word "Day." The word "day" in this agreement refers to calendar days unless specifically designated as working days.

1. SALARIES

A. Total Compensation Survey

1. Effective Dates of Salary Increases if Applicable

On the following effective dates, the City shall implement base salary increases, if applicable, per the terms of the survey described below:

September 27, 2008
September 26, 2009
September 25, 2010
September 24, 2011
September 22, 2012

A total compensation study shall be performed by a hired consulting firm, selected and paid for by the City, which shall conduct the survey according to the terms prescribed herein. If the Association does not agree with the results of the study it shall provide the City a written statement that outlines the figures or elements it disputes. The Association's written statement may, at its option, include reports from a consultant selected and paid for by it. Thereafter, the parties will meet and confer to attempt to resolve those disputed items. If an agreement still cannot be reached, the parties may agree to submit the matter to a mediator to assist them to reach agreement. If no agreement is reached, or if the parties do not elect to use mediation, the disputed issues shall be submitted to an arbitrator for advisory arbitration. The arbitrator's decision shall be a recommendation to the City Manager who shall render a final administrative decision.

2. Survey Cities

The surveyed jurisdictions for 2008-09 shall be: Santa Monica, Pasadena, Burbank, Torrance and Glendale.

Beginning 2009-10, and continuing each year thereafter, the surveyed cities shall include three cities selected by the Association from the list identified above, plus either one, two or three other cities, at the Association's option, identified by it from cities in Los Angeles or Orange counties. The Association shall notify the City by September 1, 2009 of its selected cities. These survey cities shall be in effect for the duration of this agreement.

3. Time When Surveys Will Be Conducted

Except for the first year of this agreement, the surveys will be completed each year by November 15 and will include raises which are known to take effect during the first payroll period after January 1 of the subsequent year. For the first year only, the survey shall include only those salaries in affect by September 27, 2008. All raises provided to represented classifications shall be retroactive to the dates identified in subsection 1, above.

4. The Elements of Total Compensation Will Include:

- 1) Monthly Base Salary at the Top Step of each classification's salary range;
- 2) The value of the City paid employee (i.e., member) contributions to CalPERS;
- 3) The value of the "PERS on PERS" benefit (see Article 7, Section E below). For survey purposes, for those agencies which provide PERS on PERS (including Beverly Hills) there shall be a reflected value of 1.4% of top step base salary for the first three years of this agreement and 1.733 % for the last two years of this agreement;
- 4) The value of the average health insurance plan of all bargaining unit members. To determine the survey agencies' values, the survey will use each agency's plans (including cafeteria dollars offered to employees at the other agencies) with the

Management and Professional Employees' demographics at the time the survey is conducted;

- 5) Maximum City paid Dental Insurance (family plan);
- 6) Maximum City paid Vision (family plan);

(Note: Effective with the 2010 salary study, elements 4, 5 and 6, above, shall not be used for purposes of calculating the survey amount for Beverly Hills and, in its place, the average cafeteria plan contribution per employee is substituted.)

- 7) Maximum City Contribution towards Long Term Disability Insurance;
- 8) Maximum City provided Life Insurance, valued at 21 cents per \$1,000 of coverage;
- 9) Maximum City contribution to deferred compensation;
- 10) Longevity Pay according to the amount that would be received by an employee with 15 completed years of service or the City's average longevity pay for all members of the survey agency bargaining, unit whatever is higher;
- 11) The dollar value of the maximum vacation leave provided to an employee in the unit;
- 12) The dollar value of the maximum holiday pay provided to an employee in the unit;
- 13) Average City Paid Education and Certification Pays.

5. Calculation of the Formula

In the first year of this contract (retroactive to September 27, 2008) the City agrees to implement a base salary increase (if applicable) of whatever amount is necessary to bring each benchmark classification in the unit which is below the 75th percentile in total compensation to the 75th percentile. Non benchmark classifications will receive an increase (if applicable). In addition, the City agrees to pay all employees in the unit who are below the 85th percentile, a lump sum payment equal to the difference between their annual total compensation and that of the 85th percentile. This is one-time money which does not impact the base salary of any member of the unit.

In all subsequent years of this contract, the City agrees to implement a base salary increase of whatever amount is necessary to bring each classification in the unit which is below the 75th percentile in total compensation to the 75th percentile. In addition, all employees in the unit will be eligible to receive an annual pay for performance payment (paid in connection with their evaluation each year) for up to the difference between their total compensation and the total compensation of the highest agency in the survey. The specific terms of the pay for performance plan are set forth in Paragraph B of this Article, below.

NOTE: The 75th and 85th percentile are calculated by using an excel spreadsheet. The array of total compensation numbers for each classification (either the benchmarks or the other classifications whose compensation is determined by internal relationships to the benchmarks) are calculated and placed on an excel spreadsheet. The following formula is then run: “=percentile(A1:A6,0.75)” or “=percentile(A1:A6,0.85)”. A6 stands for the six

survey agencies, assuming six agencies are used. Since five agencies are being used in the first year, the formula will say A5. If seven agencies are used in the second year, the formula will say A7.

6. Annual Negotiations re Survey

The parties agree that prior to any surveys being completed herein, they must reach mutual agreement on: (1) the identity of the benchmark classifications; (2) the classifications that are comparable to the benchmark classifications from each of the surveyed jurisdictions; (3) internal relationship of non benchmark classifications to benchmark classes or other internal factors; and (4) a satisfactory means to address classifications for which there is no adequate applicable market data.

In addition to the foregoing, the parties acknowledge that at the completion of their negotiations for this MOU, the City was conducting a classification study. At the completion of that study, the parties agree to re-open negotiations regarding the study provided, however, there can be no changes without mutual agreement.

B. Pay for Performance Program

The City of Beverly Hills strives to be a high performance organization, to recognize employees as our most important resource, and to value them for their adaptability, dedication, initiative and contributions to meaningful results. The Management and Professional employees are expected to be among the top performing employees in the City. It is through their leadership and performance that the City can achieve its goal of being a high performance organization.

To achieve the goal of high performance, the parties have established this pay for performance plan. Under the plan any member of the unit (effective with any performance evaluation due on September 26, 2009 or later) shall be eligible to receive an annual lump sum payment effective at the beginning of the payroll period following which the employee's eligibility is established. In determining whether an employee is eligible for pay for performance, the survey in affect on the employee's anniversary date which shows how the employee compares to the top agency for his/her classification will be used.

C. Amount of Pay for Performance

Pay for performance is separate from, and in addition to, salary increases which may occur as a result of the salary survey or for any other reason provided within this MOU. The payment an employee receives shall be a lump sum amount equal to (depending on performance) 100%, 66% or 33% of the difference between the employee's annual total compensation and that of the highest agency in the annual survey set forth above. If an employee's total compensation is already at or above the top agency in the survey in a particular year, he/she will not be eligible for pay for performance for that year. The maximum amount an employee may receive through the pay for performance program is

an amount equal to ten percent (10%) of the top step annual base pay for the employee's classification.

D. Pay For Performance Criteria

In determining whether an employee is eligible for pay for performance, the following criteria will be analyzed:

1. How well has the employee met and exceeded the goals and objectives of both the employee and the department?

Employees will be expected to meet goals and objectives. Depending on how well the goals and objectives have been achieved will determine how well this criteria has been satisfied.

Each year in meeting with the employee, both the department's and employee's goals and objectives will be identified in writing for the employee. This will include, but not be limited to, a management employee's development of themselves and the employees they manage. This will be a collaborative effort where both the employee and department head will strive to reach an agreement as to the employee's goals and objectives. Ultimately, if an agreement cannot be reached, the Department Head will set forth the goals and objectives he/she has established for the employee. Although the Department Head will identify the goals and objectives for the department he/she can/should receive input from the employee and make any modifications he/she deems appropriate. In assessing the employee's performance on this criteria, the Department Head will go over each goal and objective and identify with as many specific examples as possible how well the goal or objective (both the employee's and department's) has been achieved.

2. How well has the employee kept projects on schedule and on budget?

Management and Professional Employees are responsible for numerous projects in the City. It is their responsibility to ensure that projects are completed timely and within the budgeted resources. The parties recognize that although timely completion and staying within budgeted resources of some projects is beyond the control of the employee, the success of many projects (in terms of timely completion and staying within budget) is driven by the leadership of the Management and Professional employee over the project. The parties recognize that top pay should be reserved for top performers. Top performers take ownership in projects and ensure, to the extent possible, that the employees they manage and supervise to complete a project will do it well and within the established schedule and budget.

As with each of the criteria identified in the pay for performance program it will be the responsibility of the Department Head to identify with as many specific examples as possible how well the employee has met and/or exceeded this criteria.

3. What did the employee do to improve his job? Specifically, what did the employee do to make his/her job more effective for the organization?

Management and Professional Employees are not only expected to perform well, but also to do things to enhance the effectiveness of their positions to the organization. For example, establishing new methods of enhancing productivity or identifying new ways to accomplish the tasks of his/her division more efficiently. Employees are not simply expected to perform their jobs well, but as experts in their jobs, they are expected to objectively identify (for example through training and professional relationships established in their field) how they can be more effective in accomplishing all of the tasks of their jobs.

Again, specific examples should be identified by both the Department Head and employee in assessing this criteria.

4. How well did the employee avoid unnecessary or avoidable problems/conflicts in the community within the department or other City departments?

City departments service demanding residents and members of the business community as well as interface with other city departments who have come to expect top quality service. In interfacing with our community and city departments, it is often the manager who either directly interfaces with the community member or departments or who has responsibility to ensure that the contact with the City or department is smooth with minimal problems or conflicts. Although problems or conflicts will arise, it is the manager who is responsible for ensuring that they are resolved.

This criteria measures whether the manager was able to avoid unnecessary or avoidable problems/conflicts. These are issues which could have been avoided had processes been in place to address the issue before it became a conflict/problem. They are also issues which involve direct communication with a member of the community, the Department or other City departments where, had the matter been handled more tactfully or professionally, the conflict/problem may have been avoided. The parties recognize that not all problems/conflicts will be resolved even with the most professional service. However, striving for the most professional level of service will invariably reduce conflict.

E. Pay For Performance Criteria Will Be Calculated As Follows

For each of the four criteria described above, the Department Head will assign an employee a score between 0 and 5, with 5 being “exceptional”; 4 being “exceeds standards”; 3 being “satisfactory”; and anything less than 2 being less than satisfactory. Department Heads are permitted to use one-quarter decimals for scores in between whole numbers. Thus, for example, if an employee deserves a score higher than a 4, but lower than a 5, a department head is permitted to score the employee 4.25, 4.5 or 4.75 for each criteria. Annually employees will be eligible to receive a lump sum payment as follows:

- 1) A score between 16.25 and 20 will be considered “exceptional” as it relates to these criteria and entitle the employee to the maximum pay for performance pay.
- 2) A score between 14.25 and 16 will be considered “exceeds standards” as it relates to these criteria and will entitle the employee to sixty six percent (66%) of the maximum pay for performance pay.
- 3) A score between 12.25 and 14 will be considered “satisfactory” as it relates to these criteria and will entitle the employee to thirty three percent (33%) of the maximum pay for performance pay.
- 4) A score of 12 or below will result in the employee not being eligible for pay for performance pay.

F. Pay For Performance Will be Determined At the Time of Each Employee Receives His/Her Annual Performance Evaluation

Every year, as part of each employee’s annual performance evaluation, Department Heads will be responsible for evaluating the criteria within the pay for performance program for each of the Management & Professional employees within their department over whom they supervise.

At the meeting, not only will the Department Head go over his/her performance evaluation with the employee, but will go over each of the four criteria of the pay for performance program. The meeting will be set up in advance to give the employee the opportunity to prepare for the meeting. It is expected that the employee will be prepared with a self evaluation of his/her performance as it relates to each of the four pay for performance program criteria identified herein. Both Department Heads and employees will be expected to use specific examples to set forth their respective assessments of the employee’s performance on each of the four criteria.

Within ten calendar days after the meeting has been completed, the Department Head will consider all of the information discussed, including the information provided at the meeting by the employee, and will then issue his/her final assessment of the four criteria. If it is determined that the employee is eligible for pay for performance, the employee will receive a one-time payment of the applicable pay for performance.

G. Employee’s Right to Challenge Decision re Pay for Performance

If an employee disagrees with the assessment of his/her Department Head, he/she may identify the reasons for his/her disagreement in writing. The Department Head will consider the employee’s disagreement and also respond in writing. The Department Head’s decision at that point will be final. For the pay for performance program to be successful, both the City and the Association must feel that employees are being assessed fairly and objectively based exclusively on performance.

2. APPOINTMENT AND ADVANCEMENT

A. Appointments

The Appointing Authority (as defined throughout this MOU as each employee's Department Head or designee), with the approval of the Assistant Director of Administrative Services/Human Resources or the City Manager, as required, may make appointments to or advancements within the prescribed salary schedule for any management or professional position. Normally, every appointment will be made at the first step of the salary prescribed. However, in the event an appointment is made at other than Step 1, the following procedure shall be adhered to:

- 1) The Appointing Authority shall submit, in writing, to the Assistant Director of Administrative Services/Human Resources, recommendations and justification for appointment at other than Step 1. Appointments to Step 2 or Step 3 require the approval of the Assistant Director of Administrative Services/Human Resources.
- 2) Appointments to Step 4 or Step 5 shall require the additional approval of the City Manager.

B. Merit Step Advancement

- 1) Unless otherwise provided by this MOU, every employee shall receive step advancements in the following manner:

Upon successful completion of the six months of service in his/her assignment in a classification in this unit, an employee shall receive (effective on the first day of the pay period that begins after the six month period) a salary step increase to Step 2 of the prescribed schedule. Subsequently, each year on his/her anniversary date in a position, the employee shall (effective on the first day of the pay period that begins after his/her anniversary date) be eligible for salary step increases for Steps 3 through 5, provided that the employee has received an evaluation with an overall rating of at least satisfactory; such increase is recommended by the employee's supervisor and the Appointing Authority and is approved by the Assistant Director of Administrative Services/Human Resources.

In the event an employee is appointed to a step above the first, he/she shall not be eligible for a salary step increase after six months, but shall be eligible for a salary step increase upon the completion of one year of service, (on the first day of the pay period that begins after one year of service has been completed) provided the employee has received an evaluation with an overall rating of at least satisfactory.

C. Special Merit Advancement

The City Manager may authorize the advancement of an employee to any step within the prescribed schedule for that employee's current position, upon written recommendation

of the Appointing Authority, as submitted to the Assistant Director of Administrative Services/Human Resources. Such salary increases shall be effective on the first day of the pay period following the approval by the City Manager if not otherwise specified by the City Manager. A special merit advancement shall affect the anniversary of an employee, causing it to change to the effective date of the special merit advancement.

D. Salary Review

A member of the Association is permitted to make a request by December 15 of any year to have his/her salary reviewed by the City Manager or designee who will consider the request and respond by March 15 as to whether an increase is warranted. The City Manager's decision is totally within his/her discretion and not subject to challenge or appeal per the dispute resolution process of the parties.

E. Superior - Subordinate Relationships

For the purpose of this section E, a superior-subordinate relationship is defined as a relationship in which a classification has the responsibility for the direct supervision of another classification.

In such a relationship, the superior shall be paid a monthly salary rate above his/her subordinates. When a subordinate's monthly salary rate is equal to or exceeds that which is being paid to his/her superior, the superior shall receive a special adjustment in an amount which is at least 2.75% above that received by his/her highest paid subordinate.

At any time the superior's base salary (excluding this salary adjustment) exceeds the base salary of his/her subordinates, the salary adjustment granted to him/her by this section shall be eliminated.

Excluded from salary computations are any bonuses paid, shift differentials, overtime payments, or any additional payment paid to a position.

F. Merit Bonus Program

The Merit Bonus is designed to recognize the exceptional performance of Management & Professional Employees. An Appointing Authority may make a recommendation to the City Manager, as submitted through the Human Resources Office, that an employee receive an amount equal to 1-10% of his/her base salary for such exceptional performance.

The bonus will be reviewed annually and shall not be treated as base salary. This bonus shall be in addition to any other provided by this MOU.

3. RECLASSIFICATION, PROMOTION, AND Y-RATING

A. Reclassification

When a position in the unit is reclassified upward, the employee in the position may be appointed to the reclassified position, providing that:

- 1) The employee has held the position which was reclassified for a minimum of ninety (90) days immediately prior to the reclassification; and
- 2) The employee meets the qualifications established for the reclassified position.

If the employee does not meet both of the above criteria, the reclassified position shall be filled through a recruitment process.

B. Y-Rating

The City may offer to "Y"-rate an employee whose position has been eliminated, reclassified downward or for some other reason which has caused the compensation of a position to be reduced. In the event an employee in a position is Y-rated the employee's monthly base salary shall not be increased until the monthly base salary of the position held by that employee exceeds the monthly salary paid to that employee.

C. Compensation After Promotion Or Upward Reclassification

Every employee who is promoted or who is appointed to a position which is reclassified upward shall be appointed to the first step of the salary schedule of the new classification or at least 5.5% above the step and schedule of his/her previous classification, whichever is higher.

4. WORK WEEK AND WORK SCHEDULES

The workweek for all members of the unit shall be 168 regularly recurring hours. For employees working the 5/8 or 4/10 work schedule, it shall begin on Sunday at 12:00 a.m. and end at 11:59 p.m. the following Saturday. For employees working the 9/80 work schedule, each employee's designated FLSA workweek (168 hours in length) shall begin exactly four hours after the start time of his/her eight hour shift on the day of the week that corresponds with the employee's alternating regular day off.

Every Employee is required to work a forty (40) hour workweek, unless otherwise provided by the City Manager.

- A 5/8 schedule consists of a weekly work schedule of 5 consecutive workdays, of 8 consecutive work hours each.

- A 9/80 schedule consists of alternate workweeks of 4 consecutive workdays of 9 consecutive hours each, followed by 5 consecutive workdays 4 consecutive days of which consist of 9 consecutive work hours each and 1 day of 8 consecutive work hours.
- A 4/10 schedule consists of a weekly work schedule of 4 consecutive workdays of 10 consecutive work hours each.

The Department Head retains the right to make de minimis changes to the start time of the employee(s) work schedule (i.e., changing the start time of an employee’s workday by one hour or less from its regularly appointed time).

However, any other changes to an employee(s) work schedule may be made by mutual agreement of the parties. In the event a major schedule change (i.e., from a 4/10 to a 9/80 or vice versa) is proposed within a department or city wide, to which the employee(s) has objections or concerns, the Association may request to meet and confer prior to the implementation of the new schedule and the City will meet within 14 days.

5. LEAVES

A. Holidays

All 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
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Veteran's Day	November 11
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Day after the 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. If a holiday falls on a day which is an off day for employees working the 9/80 or 4/10 work schedules, the employee shall receive a floating holiday in lieu of the holiday. Floating holidays may be taken at each employee’s discretion, subject to approval of the Department Head or designee. Generally, these floating holidays may be used after the holiday has occurred unless the employee requests to use the floating day contiguous to the actual holiday. If an employee does not use his/her floating holidays earned within the calendar year (with the exception of those floating holidays which are earned in November or December, in

which case the employee will be able to use the floating holiday from that year for the first two months of the following year) in which the employee has received it, he/she will not earn an additional floating holiday in the next calendar year. The parties encourage employees in the unit to use their floating holidays. Since floating holidays cannot be removed from an employee once earned, and the parties do not want employees to ever have more floating holidays on the books than would be received within the current year, a floating holiday carried over at the end of the year results in the employee being unable to earn that holiday in the next calendar year. Department Heads or designees will not act unreasonably in granting requests to use floating holidays.

B. Personal Holiday

Employees shall be entitled to two additional paid holidays each fiscal year. These holidays may be taken at the employee's discretion subject to his/her Appointing Authority's or designee's approval. The employee shall request these holidays in writing. If an employee does not use his/her personal holidays earned within the calendar year, he/she will not earn an additional personal holiday in the next calendar year. The parties encourage employees in the unit to use their personal holidays. Department Heads or designees will not act unreasonably in granting requests to use personal holidays.

C. Vacation

1. Authorization for Taking Vacation

Employees hired into this bargaining unit from outside the City must complete six months of service and obtain approval from the Appointing Authority, to take accrued vacation leave. However, if a bargaining unit member is promoted to another position within the unit, is transferred within the unit, or changes positions within the unit, he/she may be authorized to take vacation without having to wait six months

An employee entitled to vacation shall make written application therefore in the manner and within the time directed by the Appointing Authority. Every Appointing Authority or designee shall establish a vacation schedule for each calendar year based on employee requests and seniority and subject to the Appointing Authority's right to plan work under his/her control. Once vacation is approved it cannot be rescinded because an employee with more seniority requests vacation during the same time period. The Appointing Authority shall notify employees within a reasonable time whether their application is approved.

2. Holidays During Vacations

When a holiday falls within an employee's vacation leave, the day will count as a holiday, not vacation.

3. Vacation Accumulation

Vacation credit shall be accrued bi-weekly by Employees at the following rates:

FIRST YEAR OF SERVICE	BEGINNING THE 2ND YEAR THROUGH THE END OF THE 14TH YEAR OF SERVICE	BEGINNING THE 15TH YEAR OF SERVICE
3.07 Hours	4.60 Hours	6.13 Hours
Bi-weekly	Bi-weekly	Bi-weekly
80 hrs/year	120 hrs/year	160 hrs/year

Employees who have not completed more than four but not more than fourteen years of service may not accumulate more than 400 hours of vacation at any time. Such employees with 400 hours of accumulated vacation on the books will not continue to accrue vacation until their balance falls below 400 hours.

Employees with more than fourteen years of service whose vacation accumulation at the beginning of a calendar year is less than 400 hours may accumulate annual vacation which will result in their balance being above 400 hours. However, if at the end of any calendar year the vacation accumulation is above 400 hours, they will not continue to accrue vacation until the balance falls below 400 hours, whereupon they will then continue to accrue vacation during that calendar year.

At the end of each calendar year, upon the employee's request, an employee with 240 hours or more of accumulated vacation, can receive cash payment for up to 80 vacation hours earned but not taken during the calendar year.

D. Sick Leave

Every Employee shall accrue sick leave at the rate of 3.68 hours for each complete bi-weekly period of employment. Sick leave shall be made available for employees to use upon the completion of six (6) months service in City employment.

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 Labor Code of the State. Any employee 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 vacation as when added to his/her disability indemnity will result in a payment to him/her of not more than his/her full salary.

2. Sick Leave Incentive

Employees who accumulate 72 hours or more of sick leave in any payroll year, may receive cash payment for up to 24 hours of such sick leave during the month of January of the next succeeding year. The sick leave shall be paid at the employee's then existing rate of pay. The limit of payoff shall be 24 hours per year.

E. Bereavement Leave

Bereavement leave is an absence occasioned by the death of a family member, herein defined as a spouse, parent, brother, sister, child, step-child, grandparent, in-law or registered domestic partner of the employee

Up to a maximum of forty (40) hours of bereavement leave, per calendar year, (regardless of the number of family deaths) may be used in the event of the death of a family member. 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.

Requests for bereavement leave shall be made in writing, when feasible and shall be approved by the appointing authority and the Assistant Director of Administrative Services/Human Resources.

F. Witness Leave

Any employee who is required to serve as a witness pursuant to a lawful subpoena in any judicial or quasi judicial proceeding in a matter other than one to which the employee is a party, 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 § 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 appointing authority so that the request for jury duty can be considered relative to the pending projects of the department. This notification will give the appointing authority and employee an opportunity to discuss whether or not a postponement is necessary.

G. Professional Development Program

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

The granting of sabbatical leaves shall be at the sole discretion of the City Manager and not subject to a challenge, appeal or grievance if denied.

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/her city employment.
- b. A plan for maintaining work continuity of the employee's duties and responsibilities during his/her absence, with emphasis placed on development of subordinates through training assignments.
- c. Coordination with departmental priorities and workload.
- d. Employee's performance record.

(1) Sabbatical leaves may allow up to Five Hundred Dollars (\$500) for expenses.

Sabbatical leaves shall be restricted to one (1) leave, up to ninety calendar days, for each Employee each five (5) years, with not more than five (5) such employees participating in any one (1) year.

(2) Each participant in Sabbatical Leave Programs shall submit to the City Manager reports summarizing his/her activities prior to final approval of such programs.

(3) Typical Sabbatical Leave Programs might include internships, on-loan executive programs, educational programs, travel study programs, or authorship sabbaticals.

H. Leave Without Pay

Requests for leaves of absence without pay must be submitted to each employee's supervisor and approved by the employee's department head or designee and shall be used only if all appropriate accrued leaves (e.g., sick leave may not be exhausted if the leave is not for a medical purpose) have been exhausted. Employees on leave of absence without pay shall not accrue vacation, leave rights, nor shall the City pay for any fringe benefits, except as required by law. Decisions whether to grant such a leave will be made based on operational needs of the Department.

I. Administrative Leave

Each Employee will be granted 80 hours of Administrative Leave each calendar year (all of which is available for use starting on January 1 of each year, but which accrues (for purposes of cash-out in case a unit member leaves the City) pro-rata during each pay period throughout the year) pursuant to the following:

Administrative Leave shall be granted in recognition of work performed above normal work hours and the nature of the work performance and expectations placed upon Employees. Use of administrative leave shall be approved by the employee's department head or designee, noting the needs of the department and the necessity of having Management and Professional personnel available for the effective functioning of the department.

Administrative Leave as provided herein is non cumulative between calendar years. At the end of each calendar year, upon employee request, the employee will receive cash payment for up to 40 hours administrative leave earned but not taken as time off during the calendar year. If, after cashing out up to 40 hours of Administrative Leave an employee still has Administrative Leave on the books, for the following calendar year he/she will only accrue (during each pay period) that amount of Administrative Leave which (when added to the carried over Administrative Leave from the prior calendar year) will result in the employee accruing 80 hours of leave. For example, if an employee has 60 hours of Administrative Leave at the end of the year and cashes out 40 of those hours, in the following calendar year, he/she will accrue 60 hours of Administrative Leave. This is so, notwithstanding that he/she may use his/her annual allotment of such leave during any time during the year

6. INSURANCE PROGRAM

A. Medical Insurance

The City contracts with the Public Employees' Retirement System for medical insurance. 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 industrial injury, the City shall pay the medical insurance premium of an employee and dependents if covered, to the limit of one month's coverage for each full year of said employee's City services.

The payment of premiums toward this medical insurance program will be through the administration of a flexible benefit package. The City shall pay the PERS statutory minimum (\$97.00 for 2008, \$101.00 for 2009 and yet still undetermined for 2010, 2011 2012 and 2013) 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 PERS statutory minimum, flexible benefits shall be provided as follows:

- 1) For current employees, the City shall pay the difference between the PERS statutory minimum and the actual cost of medical insurance premiums up to full family coverage.
- 2) For retirees who retired (service retirement only) after July 1, 1981, with the exception of those employees hired or promoted into the bargaining unit on or after December 2, 1997, the City shall continue to pay the

difference between the PERS statutory minimum and the actual cost of the medical insurance premium 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 single party coverage for the spouse up to the rate of the PERS Care Plan under PERS medical.

- 3) For employees hired or promoted into the Management & Professional group on or after December 2, 1997, the retiree health insurance benefit shall read as follows:

To qualify for this benefit, an employee shall:

- a. Complete a minimum of 5 years of full-time employment with the City of Beverly Hills which need not be entirely within the bargaining unit; and
- b. Receive a service retirement from the City of Beverly Hills; and
- c. Not perform any paid work in excess of 960 hours per fiscal year for a PERS contracting agency following retirement from the City of Beverly Hills.

Upon these conditions, the City shall continue to pay the difference between the PERS statutory minimum and the actual cost of medical insurance up to the single party rate of the PERSCare plan under PERS medical at the following rate:

- a. The City will pay 25% of the cost of the insurance premium
- b. The City will pay an additional 5% of the cost of the insurance premium for each year of employee total service with the City of Beverly Hills up to 20 years. For example, the City will pay 40% of the cost of the insurance premium after the completion of eight years, 60% after the completion of 12 years, 80% after the completion of 16 years and 100% after the completion of 20 years.
- c. Employees who retire, as discussed above, with 20 or more years of total service with the City of Beverly Hills will be entitled to receive 100% of the cost of the difference between the PERS statutory minimum and the actual cost of the medical insurance up to the PERSCare-single party insurance premium.
- d. The City will not pay more than 100% of the cost of a retiree's insurance premium.

B. Dental Insurance

The City shall contribute per employee the actual cost of the dental insurance up to the family coverage dental premium in the City dental plan.

C. Life Insurance

Employees shall be entitled to a one hundred thousand dollars (\$100,000), 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.

D. Disability Leave Extended Disability Salary Continuance

In the event of a work-incurred injury sustained by an employee, the City shall continue to pay the gross salary, less legally required deductions, to the injured employee for a period not to exceed ten (10) working days.

Employees covered under this program shall not receive a monetary amount greater than they would 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 work-incurred injury for which the employee is receiving extended disability salary continuance from the City shall be paid to the City for the first ten (10) working days of absence due to injury in order to qualify for this program.

For any employee to qualify for this program, the Appointing Authority must notify Human Resources in writing immediately upon receiving knowledge of a work incurred injury.

E. Disability Insurance

The City shall provide at the City's cost long term disability insurance for Employees. This insurance provides for 2/3 of monthly salary up to a maximum of \$6,000 per month, except as may be provided under the applicable plan document.

F. Optical Insurance

The City shall provide at the City's cost an optical insurance plan to employees, the cost of which shall not exceed \$22.50 per month per employee.

G. Health and Welfare Benefits Effective January 1, 2010

The City contracts with the Public Employees' Retirement System for medical insurance coverage of eligible employees and retirees. Eligible new hires are covered under the program on the first day of the month following a 30-day waiting period that begins on the hire date.

Effective January 1, 2010, the City will contribute the PERS statutory minimum on behalf of each participant in the program. A participant is defined as any of the following individuals: (1) a covered employee, (2) a covered retiree, and (3) a covered surviving annuitant of a deceased retiree. In addition, the City will provide current employees with flexible benefits through a cafeteria plan as provided below.

Any language contained in this MOU which is also contained in the cafeteria plan documents is done so for the convenience of the parties. However, the parties agree that all of the provisions of the cafeteria plan documents (whether included in this MOU or not) are applicable and binding on the parties to this MOU.

1. Cafeteria Plan: The provisions of the Cafeteria Plan are described below.

a. Benefits provided through Cafeteria Plan:

Effective January 1, 2010, the following insurance benefits provided for in this Article will be provided through the provision of a cafeteria plan adopted in accordance with the provisions of IRS Code § 125: medical, dental, and optical. As such, paragraphs B and F (dental and optical insurance) of this Article will be superseded by the provisions of the cafeteria plan on January 1, 2010. The provision of medical insurance to employees (as contained in paragraph A above) will also be superseded by the provisions of the cafeteria plan on that date. Nothing herein will impact the provisions of paragraph A2 and A3 above as they relate to retiree medical insurance for employees and their dependents in the bargaining unit on or before December 31, 2009.

b. The Purchase of Optional Benefits Through the Cafeteria Plan:

The cafeteria plan offers employees the opportunity to purchase the following optional benefits: medical, dental and optical insurance.

Effective January 1, 2010, employees hired or promoted into the Management & Professional group on or before December 31, 2009 shall be provided with an amount which will total an amount which includes the family PERS Care, family dental (Guardian) and family optical (VSP) per month to purchase the optional benefits of medical, dental and optical insurance. (For employees who participate in medical insurance through CalPERS, the amount described above will include the PERS statutory minimum paid by the City.) Each year on January 1, the amount shall be adjusted by the amount of the increase in family-PERS Care, family dental and family vision.

For employees hired or promoted into the Management & Professional group after December 31, 2009, the amount they shall be provided for the purchase of optional benefits will total an amount which includes the two-party PERS Care, family dental (Guardian) and family optical (VSP) per month to purchase the optional benefits of medical, dental and optical insurance. (For employees who participate in medical insurance through CalPERS, the amount described above will include the PERS statutory minimum paid by the City.) Each year on January 1, the amount shall be adjusted by the amount of the increase in two-party PERS Care, family dental and family vision.

(1) Medical Insurance

Eligible employees may select any of the following medical insurance plans offered by CalPERS:

HMO Plans

- 1) Kaiser;
- 2) Blue Shield Access +; or
- 3) Blue Shield Net Value

PPO Plans

- 1) PERS Care;
- 2) PERS Choice; or
- 3) PERS Select

If CalPERS changes any of the medical insurance plans by either adding to or deleting the plan options described above, employees will be limited to those plan options offered by CalPERS.

For each of the foregoing plans, employees will also be able to choose the benefit for the employee, employee + 1 or employee + family. Covered employees are required to participate in CalPERS medical insurance under one of the available options. An employee may, however, elect not to participate if he/she provides the City with proof that he/she has comparable medical insurance from another source.

(2) Dental Insurance

Employees shall also have the ability to select from two levels of dental insurance from the City's dental insurance provider, Guardian. The City reserves the right to change dental insurance providers if necessary. If it does, employees will be provided with similar benefits with the new provider. As with medical insurance, employees will have the options of: employee, employee + 1 or employee + family. Employees do not have to choose any dental

insurance and need not provide proof of dental insurance from another source.

(3) Optical Insurance

Employees shall also have the ability to select from two levels of optical insurance from the City's optical insurance provider, Vision Service Plan (VSP). The City reserves the right to change optical insurance providers if necessary. If it does, employees will be provided with similar benefits with the new provider. As with medical insurance, employees have the options of: employee, employee + 1 or employee + family. Employees do not have to choose any optical insurance and need not provide proof of optical insurance from another source.

c. Employee Contributions for Benefit Options: If an employee chooses optional benefits whose aggregate cost exceeds the total City contributions to the Cafeteria Plan, the City will automatically deduct the excess amount on a pre-tax basis from the employee's bi-weekly payroll.

d. The Receipt of Cash Through the Cafeteria Plan: Employees will be eligible to receive cash (subject to taxation as wages) through the cafeteria plan if they either opt out of receiving one of the optional benefits provided through the plan or if they choose optional benefits that do not cost as much as the maximum dollar amount they receive through the plan as follows:

(1) Receipt of Cash for Opting Out of the Optional Benefits

Employees who elect not to be covered by any of the three optional benefits provided through the cafeteria plan, and meet the opt out requirements, if any, shall receive the following monthly amount as cash wages for each benefit for which the employee opts out:

1)	medical insurance	\$500.00
2)	dental insurance	\$125.00
3)	optical insurance	\$15.00

(2) Maximum Receipt of Cash If Optional Benefits Chosen Result in the Employee Still Having Cafeteria Plan Contributions Available

The cafeteria plan offers employees the ability to purchase each of the three optional benefits with the City's

contribution to the cafeteria plan. Employees may choose to purchase benefits that cost less than the City's contribution to the cafeteria plan and choose to receive cash wages with their remaining City contribution. An employee who chooses to receive any of the optional benefits under the cafeteria plan shall be eligible to receive up to \$500.00 as cash wages as long as he/she has not reached the cafeteria plan maximum amount with his/her purchases:

If, after opting out of one or more optional benefits or purchasing optional benefits through the cafeteria plan (under G(1)(d)(1) or (2)) an employee would exceed the City contribution amount to the cafeteria plan through the receipt of the cash wages described herein, the cash wages the employee will be provided is that amount which will bring the employee to the maximum amount of provided for the particular employee.

Thus, for example, (under G(1)(d)(1) above) if an employee (eligible to receive \$1,961.00, for example) opts out of dental insurance and purchases medical and optical insurance with premiums which add up to \$1,250.00, he/she would receive \$125 for opting out of dental insurance. However, if the premiums added up to \$1,950.00, the employee would only receive \$11 for opting out of dental insurance, not the \$125 because the \$11 would cause the employee to reach the cafeteria plan contribution maximum.

As another example, (under G(1)(d)(2) above) if an employee hired on February 10, 2010 (and eligible to receive \$1,961.00, for example) purchases \$1,818.00 worth of optional benefits per month including medical insurance, he/she will receive \$143.00 per month in cash. However, if an employee only purchases \$700.00 per month in medical, dental and optical insurance, he/she will receive \$500.00 per month in cash.

- e. Flexible Spending Accounts: The cafeteria plan will also offer employees the opportunity to participate in both a health care and dependent care flexible spending account (each an FSA) whereby employees will be able to defer up to \$2,500 per year (for the health care FSA) and up to \$5,000 per year (for the dependent care FSA) to pay for any eligible out of pocket expenses related to health care or dependent care on a pre-tax basis. The provisions of

both of these FSA's will be provided in a plan document. The plan document will be available to each eligible employee upon request. Essentially, before January 1 of every year, employees will be able to elect to have their compensation (up to the aforementioned limits) for the upcoming year deducted biweekly and contributed on a pre-tax basis to the FSA. During the year (and for a short grace period thereafter), an employee can receive reimbursements under the FSA for covered expenses incurred during the year, up to the amount of the employee's contributions for the year. The FSA deductions will be withheld from employees' regular payroll.

2. Mandatory Health and Welfare Benefits: The following are benefits that all employees are included in at the City's cost: term life insurance (\$100,000 policy) and disability insurance which provides for two-thirds (2/3) of monthly salary up to a maximum of \$6,000 per month, except as may be provided under the applicable plan document. Paragraphs C and E of this Article will be superseded by the provisions of this paragraph G.(2) on January 1, 2010.
3. Supplemental Term Life Insurance: Employees may also purchase supplemental term life insurance, if available, with deductions from their bi-weekly compensation as designated by each employee. Although employees may use cash wages they receive through the cafeteria plan to purchase supplemental term life insurance, they cannot defer cash wages they receive through the cafeteria plan directly into the purchase of supplemental term life insurance. It must be a deduction from their paycheck.
4. Deferred Compensation: In accordance with the tax rules, any cash that an employee may receive through the cafeteria plan may not be deferred to the employee's accounts under the City's retirement plans. The employee may, however, be able to elect to increase his/her deferrals to the City's retirement plans from his/her regular wages.
5. Benefits if on an Industrial Leave: In the event an employee is on a leave without pay as a result of an industrial injury, the City shall pay the PERS statutory minimum for that employee (assuming the employee wants medical, dental or vision coverage from the City) for up to the duration of the leave. In addition, outside of PEMHCA, assuming the employee wants to be covered by medical, dental or vision insurance the employee shall receive his/her additional cafeteria plan contribution (up to the maximum amount provided above) amount for one month for each year of full service up to one year. If an employee chooses to opt out of insurance and receive cash as described above, he/she will be eligible to receive that cash for one month for each year of full service up to one year.

H. Retiree Medical Insurance For Employees Hired By the City Before January 1, 2010

- 1) All employees employed by the City on or before December 31, 2009, shall maintain their existing entitlements to retiree medical benefits.
- 2) For retirees and their dependents participating in the CalPERS medical insurance program, the City will pay the statutory minimum. In addition, the City will provide benefits through a medical reimbursement program.
- 3) Retirees and their dependents will not be permitted to receive cash back options per the cafeteria plan.

I. Retiree Medical Insurance For Employees Hired On Or After January 1, 2010

Employees hired by the City into the unit on or after January 1, 2010 who retire from the City will receive the PERS statutory minimum paid by the City in accordance with paragraph G.

In addition, for employees hired into the unit as new employees of the City on or after January 1, 2010, in lieu of additional retiree medical insurance benefits, the City shall, while the employees are working for the City, contribute the sum of \$300 per month (\$138.46 per pay period) to a retirement account on behalf of such employees.

For employees who promote into the unit after January 1, 2010 who were City employees as of December 31, 2009, they will receive retiree medical benefits (based on their years of service with the City) in accordance with the benefits of this MOU as though they were a member of the bargaining unit prior to January 1, 2010.

J. Purchasing Additional Insurance If Funds Are Insufficient to Cover Cost of Chosen Benefits

Any retiree who whose City contribution for retiree medical, dental and/or vision insurance is insufficient to cover the actual cost of such insurance for the retiree and his/her eligible dependents can purchase such insurance through CalPERS by paying the additional amount in excess of the City contributions.

7. RETIREMENT

A. Retirement Formula

The City is in CalPERS and contracts with CalPERS to provide the 2.5% at 55 retirement formula set forth in California Government Code § 21354.4. The City shall pay the 8% required employees' contribution to CalPERS on behalf of each employee.

B. Single Highest Year

The City's contract with the CalPERS provides for the "Single Highest Year" final compensation period for Employees, per Government Code Section 20042

C. 1959 Survivor's Benefit

The City is under contract with CalPERS which provides level 4 coverage under the 1959 Survivor's Benefit, per Government Code section 21574.

D. Pre-Retirement Option 2 Benefit

The City's contract with CalPERS provides the Pre-Retirement Optional Settlement 2 Benefit as set forth in Government Code § 21548 for Employees.

E. PERS Benefit Provided by Government Code section 20636(c)(4)

Effective November 1, 2008, pursuant to Government Code section 20636(c)(4), the City shall pay and report to CalPERS as compensation earnable the monetary value of the employer paid member contribution on behalf of each employee. (For purposes of this agreement this shall be known as "PERS on PERS".)

8. CAR ALLOWANCE AND MILEAGE

Car allowances shall be paid to employees pursuant to the provisions of Administrative Regulation 3A.4. There shall be no changes to AR 3A.4 without the agreement of the parties.

The parties agree that the City will amend the Administrative regulation addressing vehicle allowance to reflect that proposed changes to the regulation will be submitted by employees to their Department Head by February 1 each year. The regulation shall provide that the Department Head, in consultation with Administrative Services - Finance and Human Resources, will render a written decision with reasons within 30 calendar days. The decision is not grievable.

9. MANAGEMENT RIGHTS

Except as limited by the specific and express terms of this MOU, the City hereby retains and reserves unto itself all rights, powers, authority, duty and responsibilities confirmed on and vested it by the law and the Constitution of the State of California and/or United States of America.

The management and the direction of the work force of the City is vested exclusively in the City, and nothing in this MOU is intended to circumscribe or modify the existing rights of the City including but not limited to the direction of the work of its employees; the right to layoff hire, promote, demote, transfer, assign, schedule (except as otherwise provided within this MOU); suspend or discharge employees at will since all employees

in the bargaining unit are at-will employees; to maintain and improve the efficiency of governmental operations; to subcontract out any services which the City deems appropriate to contract out; to relieve employees from duties because of lack of work or funds with no right of appeal to take action as may be necessary to carry out the City's mission and services in emergencies; to determine the methods, means and appropriate job classifications, organizational structure and personnel by which the operations are to be carried out; and to establish reasonable performance standards for personnel, including but not limited to qualifications and quantity standards. If the City subcontracts out any bargaining unit work, the City shall present the M&P Association with any request for proposal being publicly disseminated. The M&P Association shall also receive copies from the City of all RFP submissions within one week of the close of the time for RFP's to be submitted.

10. ASSOCIATION/CITY DISPUTE RESOLUTION

The City and M&P Association agree that the cause of quality public services for the citizens of Beverly Hills can be materially assisted through the timely resolution of employment disputes in the least formalistic way possible, and through the maintenance of high employee morale. To that end, the City and M&P Association hereby agree to establish the Association/City Dispute Resolution program. Any alleged violation, misinterpretation or misapplication of past practices and this MOU that cannot be settled informally with discussions between the Association and the Assistant Director of Administrative Services/Human Resources may be submitted by the Association or an individual employee to the mediation and arbitration processes described below.

The City will request a list of seven mediators/arbitrators from the State Mediation and Conciliation Service. Once the list is received, the parties will flip a coin as to who shall strike first. After the parties have stricken names from the list, a mediator/arbitrator will be chosen. The parties will then cooperate with each other and coordinate a date for a mediation/arbitration with the chosen mediator/arbitrator. The mediator/arbitrator will first attempt to mediate a settlement of the dispute, but if mediation fails, he/she will prepare a written report, after conducting a hearing on the issue, of his/her findings and proposed resolution of the dispute for submission to the City Manager. The City Manager shall accept, reject or modify the arbitrator's proposed resolution. If the City Manager fails to accept, reject or modify the arbitrator's resolution within thirty (30) days of receipt by the City Manager, it shall be deemed accepted.

11. EXEMPT/ AT-WILL EMPLOYMENT

Employees are exempt from Civil Service, and serve at the will and pleasure of the appointing authority pursuant to Beverly Hills Municipal Code Section 2-5.206. At will employment is defined by Labor Code § 2922. The parties acknowledge that all bargaining unit employees are at-will as defined by section 2922.

12. SAVINGS CLAUSE

If any benefit or provision of this MOU is deemed by a court of competent jurisdiction to be illegal or otherwise unenforceable, the remaining benefits or provisions of this MOU shall remain in full force and effect. In the event of such invalidation the City and Association shall meet and confer in good faith concerning the invalidation of the provision, including whether a replacement benefit or provision is appropriate.

13. DUES/FEES DEDUCTION

The City agrees that it shall, upon the written request of the Association's President, deduct dues and/or fees from the payroll checks of employees employed in classifications represented by the Association, and to transfer the total sum of the dues and/or fees deducted to the Association on a biweekly basis. Dues and/or fees may be specified by the Association to be a flat dollar amount or a percentage of salary. Dues deductions shall be authorized in writing by the individual employee.

14. AGENCY SHOP

The Association and the City have agreed that employees in classifications recognized to be represented by the Association must, as a condition of employment, either join the association and pay to it membership dues or not join the association and pay to it a representational fee in accordance with California Government Code section 3502.5. In addition, employees belonging to a bona fide religion that has as one of its principal tenant a prohibition against supporting employee organizations can claim a religious exemption and make a charitable donation equal to the representational fee in a manner proscribed by section 3502.5. The parties agree that the charitable donation may be made to the American Red Cross, American Cancer Society or the United Way.

15. SEPARATION FROM CITY SERVICE

A. Sick Leave Pay-Off

All accumulated sick leave at the date of separation from City service shall be the basis for determining the amount to be paid to each employee who qualifies to receive sick leave pay-off.

Employees who have seven (7) or more continuous years of service shall be eligible for sick leave pay-off upon separation from employment with the City.

The rate of sick leave payoff shall be calculated as follows:

- For the first 7 full years of service - 21% of accumulated sick leave.
- For each year after the seventh year - 5% of accumulated sick leave per full year of service to a maximum of 79%. The maximum rate of sick

leave payoff when this paragraph and the preceding paragraph are combined is 100%.

- Sick leave payoff shall be calculated at the rate of pay received by the employee at the time of separation. Each employee eligible to receive sick leave payoff shall receive the payoff at the time of separation.

B. Vacation Pay-Off

An Employee who separates from City service shall receive an amount equal to accumulated vacation at the time of separation. The rate of payoff shall be calculated at the rate of pay at the time of separation. An employee shall not have the option of utilizing accumulated vacation, in lieu of receiving vacation pay-off at the time of separation.

16. DEFERRED COMPENSATION

A. City Contribution

The City shall contribute \$50.00 per month on behalf of each Employee to the City's deferred compensation program.

B. Conversion of Sick Leave to Deferred Compensation

Employees may choose to contribute part of their accumulated sick leave to deferred compensation. The contributed sick leave may only be used to fund "catch up" contributions to deferred compensation. The following restrictions apply to this program.

- 1) The employee must have a minimum of 15 years of service with the City of Beverly Hills.
- 2) The employee's sick leave balance cannot be reduced below 500 hours by the contribution.
- 3) The contribution is limited to no more than three consecutive years (although an employee may contribute more than three years over his/her career), and the contribution can be used only for funding the deferred compensation "catch-up".
- 4) A contribution shall not exceed the amount which will bring the annual deferral to the maximum allowed by law.
- 5) The contribution will be calculated at the then existing sick leave payoff percentage.

This MOU is prepared pursuant to the requirements of Government Code § 3505.1 for presentation to the City Council for its approval.

This Memorandum is signed on this _____ day of _____, 2009.

City of Beverly Hills
Representatives

Management & Professional
Employees Association

EXHIBIT A – LIST OF CLASSIFICATIONS REPRESENTED BY THE ASSOCIATION

BUILDING & SAFETY

Plan Review Manager
Supervising Plan Review Engineer
Sr. Plan Review Engineer/Architect
Plan Review Engineer/Architect
Building Inspection Manager
Code Enforcement Manager
Permit (Center) Manager
Plan Review Engineer/Architect

FISCAL & BUDGET

Real Estate/Property Manager
Accounting Manager
Principal Accountant
Senior Budget & Financial Analyst
Budget & Financial Analyst
Revenue Manager
Revenue Investigator
Safety Officer

GENERAL/HR ADMINISTRATION

Personnel Manager
Assistant to the City Manager
Training & Organizational Development
Coord.
Senior Management Analyst
Office Manager
Records & Archives Manager
Management Analyst

INFORMATION TECHNOLOGY

IT Operations Officer
Multimedia Services Manager
IT Systems Architect
Business Info Systems Administrator
Network Administrator
Client Support Administrator
GIS Integrator
Systems Integrator
Web Applications Integrator
Security Administrator
Art Director

LIBRARY

Library Services Manager
Librarian III

CULTURAL & RECREATION

Park & Urban Forest Manager
Community Outreach Manager
Community & Cultural Services
Administrator
Recreation Services Manager

PLANNING

Principal Planner
Environmental Project Manager
Senior Planner
Associate Planner

SAFETY SUPPORT

Assistant Division Commander
Records & Jail Manager
Communication & ID Bureau Manager
EMS Coordinator (Fire)

PUBLIC WORKS ENGINEERING

Project Manager
Principal Civil Engineer
Traffic Engineer
Associate Project Manager
Civil Engineer
Project Administrator
Transportation Planner

PUBLIC WORKS MAINTENANCE

Water Operations Manager
Parking Operations Manager
Transportation & Operations Manager
Solid Waste Manager
Vehicle Maintenance Manager
Plant Engineer
Facilities Maintenance Manager
Street Superintendent
Water Quality Specialist