



## AGENDA REPORT

**Meeting Date:** March 12, 2013  
**Item Number:** E-1  
**To:** Honorable Mayor & City Council  
**From:** Assistant Director of Administrative Services/Human Resources  
**Subject:** AMENDMENT NO. 1 TO THE CITY OF BEVERLY HILLS EXECUTIVE COMPENSATION PLAN  
**Attachments:** 1. Amendment

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### RECOMMENDATION

Staff recommends that the City Council adopt the resolution amending the Executive Compensation Plan. The amendment will provide firefighters appointed to an executive position between December 29, 2012 and April 30, 2013 equivalent retiree health care benefits to those that they received as members of the Beverly Hills Firefighter's Association before they were appointed to an executive position.

### INTRODUCTION

The Fire Chief and the Deputy Fire Chief are members of the City's Executive Employee Group, and not members of the Beverly Hills Firefighter's Association.

In 2009, the City Council converted the retiree medical benefits of executive employees hired after January 1, 2010 from a defined benefit plan to a defined contribution plan. This change reduced the retiree health care benefits for executives and eliminated the possibility of unfunded liabilities for retiree medical coverage in connection with executive employees hired after January 1, 2010.

Those employees who were employed by Beverly Hills before January 1, 2010, but promoted into the Executive Employee Group after January 1, 2010, were allowed to retain the defined benefit retiree medical plan in which they participated as a non-executive employee prior to January 1, 2010.

However, firefighters are not provided their retiree medical plan by the City. Instead, they are provided a defined benefit retiree medical plan by the Beverly Hills Firefighter's Association. The Association currently does not provide the benefit to the Deputy Fire Chief and the Fire Chief, as they are members of the executive group, and not members of the Firefighter's Association.

Thus, unlike other executive employees, a firefighter employed by the City before December 31, 2009 who promotes to a position in the Executive Employee Group is

forced to relinquish a significant retiree medical benefit in order to accept the promotion to Deputy Fire Chief or Fire Chief. For most employees, the economic value of the relinquished benefit would exceed the added economic value of the promotion.

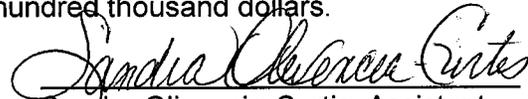
### **DISCUSSION**

The Deputy Chief position in the Fire Department is currently open due to the retirement of Mark Embry in December, 2012. The proposed amendment to the Executive Compensation Plan provides that if a current Beverly Hills firefighter is appointed to fill that position, then the appointee would receive the equivalent retiree medical benefit to that offered by the Firefighter's Association to non-executive firefighters.

The amendment would only apply to a firefighter promoted into the Executive Employee Group between December 29, 2012 and April 30, 2013.

### **FISCAL IMPACT**

The proposed amendment will apply to only one appointee to the Executive Employee Group. The fiscal impact of this amendment will be dependent on the length of that employee's life after retirement and that of his spouse. The future cost of health care will also significantly affect the fiscal impact of this amendment. Neither of these cost factors can be predicted with confidence. Thus, the potential fiscal impact of the proposed amendment ranges from zero dollars to several hundred thousand dollars.



Sandra Olivencia-Curtis, Assistant  
Director of Administrative Services/  
Human Resources

# **Attachment 1**

RESOLUTION NO. 13-R-\_\_\_\_\_

AMENDMENT NO. 1 TO THE CITY OF BEVERLY HILLS  
EXECUTIVE COMPENSATION PLAN

The City Council of the City of Beverly Hills does hereby resolve as follows:

Section 1. The third paragraph of Subsection D.4 of Section VII of the City of Beverly Hills Executive Compensation Plan is hereby revised to read as follows:

“Employees who promote into the Executive Employee group on or after January 1, 2010, who were City employees as of December 31, 2009, will receive retiree medical benefits (based on their years of service with the City) in accordance with the benefits and plan under which they were covered immediately prior to the promotion. In addition, an employee promoted from the sworn fire group between December 29, 2012 and April 30, 2013, who is a “Member” of the Beverly Hills Firemen’s Association Post-Retirement Medical Benefit Plan and Trust (“Plan”), as defined in the Plan, on the date of promotion and who would be eligible for post-retirement benefits under the Plan as a “Participant,” as defined in the Plan, except for the fact that the employee will no longer be a Member solely as a result of the promotion, will receive a substitute benefit under this compensation plan equal to the benefit the employee would have received but for the promotion. The intent of the immediately preceding sentence is to preserve the retiree medical benefit the promoted employee would have received absent promotion, as it existed on the date of promotion, and not to provide an enhanced benefit.”

Section 2. The City Clerk shall certify to the adoption of this resolution and shall cause this resolution and his certification to be entered in the Book of Resolutions of the Council of this City.

Adopted:

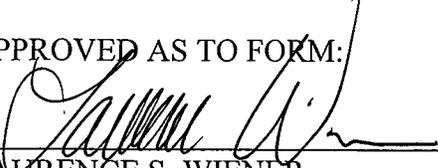
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WILLIAM W. BRIEN, M.D.  
Mayor of the City of Beverly Hills, California

ATTEST:

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BYRON POPE  
City Clerk

(SEAL)

APPROVED AS TO FORM:

  
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LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
NOEL MARQUIS  
Acting Director of Administrative Services/Chief  
Financial Officer

  
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SANDRA OLIVENCIA-CURTIS  
Assistant Director of Administrative Services/  
Human Resources