Attachment 2

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE CITY OF BEVERLY HILLS

AND

THE BEVERLY HILLS

CONFIDENTIAL EMPLOYEES ASSOCIATION

OCTOBER 6, 2013 – SEPTEMBER 30, 2015

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CONFIDENTIAL EMPLOYEES ASSOCIATION
MEMORANDUM OF UNDERSTANDING

CHAPTER 1 - INTRODUCTION

The Beverly Hills Confidential Employees Association, a formally recognized employee organization, representing all its members within the Confidential Unit (hereinafter referred to as "Confidential Employees") and duly authorized representatives of the management of the City of Beverly Hills (hereinafter referred to as the "City"), have met and conferred in good faith, freely exchanging information, opinions and proposals, and have reached the following agreement (hereinafter referred to as either agreement or MOU) on matters within the scope of representation. The parties agree that all bargaining unit members are confidential employees under the law and applicable City Council resolution.

ARTICLE 1: INTEGRATION

This document embodies a written memorandum of the entire understanding and mutual agreement of the parties as required by Government Code § 3505.1 and supersedes all prior written and verbal agreements between the parties hereto. The word "day" in this agreement refers to calendar days unless specifically designated as working days.

ARTICLE 2: RECOGNITION CLAUSE

The Association represents all employees in the City of Beverly Hills designated as Confidential. A list of all of the classifications represented by the Association is attached to this MOU as Exhibit A.

ARTICLE 3: TERM

This MOU shall be effective October 6, 2013 and shall expire on September 30, 2015.

CHAPTER 2 - COMPENSATION

ARTICLE 4: SALARY

Effective on the first day of the payroll following City Council approval of this MOU, employees will receive a base salary increase of ten percent (10.0%).

Effective October 4, 2014, employees will receive a base salary increase of one percent (1.0%).

ARTICLE 5: APPOINTMENT AND ADVANCEMENT

A. Movement Through Range

The City Manager may make appointments to or advancements within the prescribed ranges of specific positions upon evaluation of employee qualifications and performance. Normally, employees shall be appointed in the first step and shall be eligible to be advanced through the five (5) basic steps in their allocated schedules as follows:

1. Probationary Employment: Upon satisfactory completion of six months of employment, every probationary employee shall receive a salary step increase to the next step of the prescribed schedule. The probationary period for all positions in the bargaining unit shall be one year. However, after the satisfactory completion of six months of employment, employees may use any sick leave they have accrued (if appropriate), but may only use accrued vacation after completion of their initial probationary period. The following sets forth how the step increases are administered:

   a. I step to II step at 6 months of satisfactory service (which could be longer than 6 months)

   b. II step to III step – 12 months after moving to II step

2. Regular Employee Advancement: Unless otherwise provided, every regular employee (*i.e.*, employees who have successfully completed their probationary period) shall receive step advancements in the following manner:

   a. Each year, an employee shall be eligible for salary step increases for Steps III-V, provided said employee has received an evaluation with an overall rating of at least satisfactory as follows: step III to step IV – 12 months after moving to step III and step IV step to V step – 12 months after moving to step IV.

   b. Such an increase is recommended by the employee's supervisor and the Appointing Authority (each employee's Department Head or designee), and is approved by the Assistant Director of Administrative Services/Human Resources.

B. Employment At Other Than The First Step

Every employment shall be at the first step of the schedule prescribed for the classification unless, upon the recommendation of the Assistant Director of Administrative Services/Human Resources, the City Manager authorizes hiring at a higher step. Such authorization shall be kept to a minimum and based upon proven inability to recruit at the first step, or upon ascertained special talent and ability of the prospective employee.

C. Application Of Salary Steps To Reclassifications And Promotions

When a position in the unit is reclassified upward to a class having a higher salary, the employee in the position shall be appointed to the reclassified position, providing that:

1. The employee has held the position which was reclassified for a minimum of one hundred and eighty (180) days immediately prior to the reclassification;

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. Employees shall serve a probation period unless the reclassified position is exempt.

When a position is reclassified downward to a class having a lower salary or is determined by the Council to be excessively compensated, the employee in that position can be appointed to the reclassified position and the salary of the incumbent shall be "Y"-rated, which shall freeze the employee's salary and prevent salary advancement for such position until the schedule for the reclassified position's classification provides a step which exceeds the salary paid to the incumbent. No reduction of salary rate shall result from "Y"-rating.

In the event an employee is promoted or the position occupied by such an employee is reclassified to a position assigned to a higher salary schedule, and the employee in such position is eligible for appointment to this position, he/she shall be placed at the higher of (a) step 1 of the new classification or (b) at the lowest step that is at least one step greater than the pay rate the employee was receiving in the previous classification. Under no circumstances will a rate higher than the fifth step of the higher salary schedule be paid.

Benefits and leave rights shall be available to all employees on probation as a result of accepting a promotion, if such employee has completed his/her or her initial probation or at least twelve (12) months of probationary service in City service.

D. Effective Date Of Merit Step Advancement

All step advancements recommended by the appointing authority shall be effective on the anniversary date of the affected employee, and upon the expiration of each succeeding twelve (12) month period of service thereafter upon the required approval of the Appointing Authority or Assistant Director of Administrative Services/Human Resources, unless otherwise specifically authorized by the City Manager.

E. Special Merit Step Advancement

The City Manager may, upon the recommendation of the appointing authority and the Assistant Director of Administrative Services/Human Resources, authorize the advancement of an employee to any of the four (4) steps earlier than the employee would normally be eligible for length of service merit step advancement. Such increases shall be effective on the first day of the pay period following approval by the City Manager, if not otherwise specified by the Appointing Authority. A special merit step advancement shall affect the anniversary date of an employee causing it to change to the effective date of the special increase.

F. Special Assignment Increase

A special assignment increase may be granted (upon approval of the Assistant Director of Administrative Services/Human Resources) to an employee by an Appointing Authority provided that the employee is clearly performing specific duties above and beyond that required by his/her classification while not assigned or authorized to be filling a position out of classification. The Appointing Authority shall submit his/her recommendation and justification to the Assistant Director of Administrative Services/Human Resources for approval. The Assistant Director of Administrative Services/Human Resources will review the recommendation and determine whether it is warranted given the standards of this section. Said increase shall be 6% above the base salary paid to the employee. Annually a review by the Assistant Director of Administrative Services/Human Resources of the special assignment shall be made to determine if it is still warranted.

G. Part-Time Employment

Part-time appointment (defined as any appointment of less than a 40 hour full time assignment) 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 I the procedure relative to regular appointments shall be followed. Part-time employees shall receive a prorated share of benefits based upon the regularly assigned work hours; said hours to be determined at the time of appointment.

H. Superior - Subordinate Relationship

For the purpose of this section, 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 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 of 3% above the salary of the 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 by this section shall be eliminated.

I. Filling Position Out Of Classification (FPOC)

Every regular Confidential employee temporarily assigned to and working in a classification with a salary schedule above that of the employee's regularly assigned position as the result of special departmental need shall be paid while so assigned at a step within the range for the higher classification, after serving eighty hours in any calendar year in the higher classification. When an employee meets these requirements the employee shall receive the higher of (a) 10% above the pay rate of his/her regular classification or (b) the first step of the salary schedule for the higher classification.

Under no circumstances will a rate higher than the fifth step of the higher salary schedule be paid. No position may be filled out of classification unless established departmental procedures are followed and authorization from the Appointing Authority is obtained. Probationary employees are not eligible to fill a position out of classification.

To be eligible for compensation for filling a position out of classification, the employee has to possess the minimum qualifications for the higher classification and be capable of performing those specific tasks which he/she will be performing during this acting time and which differentiates it from the lower classification. Before FPOC status is attained, the necessary personnel forms shall be approved by the Appointing Authority and Assistant Director of Administrative Services/Human Resources. Employees assigned to fill positions out of classification shall not acquire status or credit for service in the higher classification and may be returned to their regularly assigned position at any time. Employees receiving FPOC pay shall not receive the higher salary when on vacation or sick leave for two weeks or longer.

ARTICLE 6: DEFERRED COMPENSATION

The City shall contribute $30.00 per month per employee to the City's deferred compensation program.

CHAPTER 3 - BENEFITS

ARTICLE 7: RETIREMENT

The City contracts with CalPERS for retirement benefits. The benefits provided herein are provided per the Public Employees Retirement Law (the "PERL") as well as the City's contract with CalPERS. The PERL and the City's contract with CalPERS shall control over any provision of this MOU which is inconsistent with the law or the City's contract with CalPERS.

A. For "Classic Member" Employees As Defined By The Public Employees' Pension Reform Act of 2013 (PEPRA)

1. An individual hired on or after January 1, 2013 who was employed by any public employer before January 1, 2013 and who does not meet the definition of "New Member" under the PEPRA will be designated as a "Classic Member". "Classic Members" are defined as those individuals who are:

    a. Working for an employer providing CalPERS retirement benefits who begins employment with the City without a break in service or a break in service of six (6) months or less; or

    b. Current member of a public retirement system or plan with reciprocity with CalPERS.

2. Retirement Formula: The City contracts with CalPERS to provide the 2.5% at 55 retirement formula set forth in California Government Code Section 21354.4.

3. Single Highest Year: The City's contract with the CalPERS provides for the "Single Highest Year" retirement benefit for miscellaneous employees of which "classic member" Confidential employees are included pursuant to Government Code section 20042. The retirement benefit is based on the highest annual compensation for the one year during the employee's membership in CalPERS.

4. Payment of Employee/Member Contribution: Classic Members will pay their 8% Member Contribution on the first day of the pay period following Council approval of this MOU.

B. For "New Members" As Defined By the Public Employees' Pension Reform Act of 2013 (PEPRA)

1. A "New Member" as defined by PEPRA is an employee who becomes a member of a public retirement system for the first time on or after January 1, 2013 and:

   a. Was not a member of a public retirement system before January 1, 2013; or

   b. Was a member of a public retirement system before January 1, 2013 that is not subject to reciprocity with CalPERS; or

   c. Alternatively, anyone who was an active member of a retirement system, has a break in service of more than six (6) months, and returns to active membership in the same system with a new employer.

2. Retirement Formula: Unit members who are defined as "new members" under the PEPRA, are covered by the 2% @ 62 formula provided for by the Public Employees' Retirement Law at Government Code section 7522.20(a).

3. Retirement Benefit Calculation Period: For unit members defined as "new members" under the PEPRA such employees' final compensation will be based on the highest annual average compensation earnable during the three consecutive years of employment immediately preceding the effective date of his or her retirement or any other three consecutive year period chosen by the employee as set forth in Government Code section 7522.32(a).

4. Payment of Employee/Member Contribution: Effective October 5, 2013, new member employees are responsible for paying the employee contribution of one-half of the total normal cost of the plan, as defined by CalPERS, through a payroll deduction. This amount will be determined by CalPERS in the future. The City has adopted the CalPERS resolution in accordance with IRS Code section 414(h)(2) to ensure that the employee contribution is made on a pre-tax basis.

   In addition, new members will pay additional amount for their retirement contribution as cost sharing in accordance with Government Code section 20516(f). That amount will be the difference between the half the normal cost amount and eight percent so that their total retirement contribution will be eight percent (8%).

C. Additional Optional Benefits For All Employees

1. Military Buy Back: The City's contract with the CalPERS provides for the military buy back option to a maximum of four (4) years buy back time. The entire cost of this buy back shall be borne by those Confidential employees taking advantage of this buy back option.

2. 1959 Survivor's Benefit: The City's contract with CalPERS provides Level 4 coverage under the 1959 Survivor's Benefit pursuant to Government Code section 21574.

3. 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 section 21548 for Confidential employees.

4. Pre-Retirement Death Benefits: The City's contract with CalPERS provides the benefit known as the pre-retirement death benefits to continue after remarriage of survivor as set forth in Government Code section 21551.

5. Cost of Living Allowance: The City's contract with CalPERS provides the benefit known as the 2% Cost of Living Allowance Increase as set forth in Government Code section 21329.

6. Retired Death Benefit: The City's contract with CalPERS provides the $500 Retired Death benefit as set forth in Government Code section 21620.

7. Prior Service: The City's contract with CalPERS provides the prior service benefit as set forth in Government Code section 20055.

ARTICLE 8: HEALTH INSURANCE

A. Health and Welfare Benefits

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.

The City contributes the PERS statutory minimum on behalf of each employee in the program.

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: 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.

   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.

      For the remainder of calendar year 2013, employees shall be provided with an amount which 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.)

      Effective January 1, 2014, employees shall be provided with the amount of $1,873.00 (inclusive of the statutory minimum) for the purchase of the optional medical, dental and optical insurance benefits.

      Effective January 1, 2015, employees shall be provided with the amount of $2,000.00 (inclusive of the statutory minimum) for the

purchase of the optional medical, dental and optical insurance benefits.

(1) Medical Insurance: Eligible employees may select any of the HMO or PPO medical insurance plans offered by CalPERS:

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 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 up to a maximum of $475 per month (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.

1. 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.

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 the maximum permitted by law for the health care FSA and 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.

f. 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 optical coverage from the City) for the duration of the leave. In addition, outside of PEMHCA, assuming the employee wants to be covered by medical, dental or optical 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.

ARTICLE 9: RETIREE MEDICAL INSURANCE

A. For Employees In the Unit Employed On December 31, 2009

All employees in the unit employed on 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 retirees 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. In accordance with the tax rules, retirees will not be permitted to participate in the cafeteria plan.

B. For Employees Hired Between July 1, 1981 and December 31, 1999

For bargaining unit members hired between July 1, 1981 and December 31, 1999, and for retirees who retired (service retirement only) between July 1, 1981 and December 31, 1999, 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 one party rate of the PERS Care Plan. (The employee will receive a check for the difference between the one party rate of the PERS Care Plan and the PERS statutory minimum.)

C. For Employees Hired or Promoted into the Unit Between January 1, 2000 and December 31, 2009

To qualify for this benefit, an employee shall:

1. Complete a minimum of 5 years of full-time employment with the City of Beverly Hills; and

2. Receive a service retirement from the City of Beverly Hills; and

3. Not perform any paid work for a PERS contracting agency following retirement from the City of Beverly Hills with the exception of work below 960 hours per fiscal year.

Upon these conditions, the City shall continue to pay a part or all of the difference between the PERS statutory minimum and the actual cost of the medical insurance up to the one party rate of the PERS Care plan at the following rate:

1. The City will pay 25% of the difference;

2. The City will pay an additional 5% of the difference for each year of employee service with the City of Beverly Hills, from the sixth year through the twentieth year. Thus, for example, an employee who retires with 20 or more years of service with the City of Beverly Hills will be entitled to receive 100% of the difference.

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

D. For Employees Hired On Or After January 1, 2010

Employees hired 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 addition, in lieu of additional retiree medical insurance benefits, the City shall, while the employees are working for the City, contribute the sum of $150.00 per month ($69.23 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 as though they were a member of the bargaining unit prior to January 1, 2010 as addressed above.

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

ARTICLE 10: OTHER INSURANCE

A. The following benefits are provided to all employees at the City's expense:

1. Term Life Insurance: $50,000.00 term life insurance policy

2. Disability Insurance: disability insurance policy provides two thirds (2/3) of monthly salary up to a maximum of up to $7,500.00 per month, except as may be provided under the applicable plan document. This plan has a 30-day elimination period. Employees may use accrued leaves to supplement payments received by the disability insurance plan. However, the employee may not receive more than 100% of their regular wages.

B. 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 (if

applicable) 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.

ARTICLE 11: BENEFIT PAY-OFF UPON SEPARATION FROM CITY SERVICE

A. Vacation Payment

All Confidential employees who separate from City service shall be paid for accumulated vacation.

B. Sick Leave Payment

All accrued, unused 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.

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.

Only employees who have ten (10) or more continuous years of City service shall be eligible for sick leave pay-off upon separation from employment with the City. Employees with less than ten (10) years of continuous service shall not be eligible to receive any pay-off for unused sick leave.

Employees with at least ten (10) but less than fifteen (15) years of continuous service shall be eligible to receive payment for accumulated sick leave at the rate of three percent (3%) per full year of service. For employees with fifteen (15) or more years of continuous service, the rate for accumulated sick leave is four percent (4%). However, the maximum rate of sick leave payoff shall not exceed 100%. Sick leave shall be calculated at the rate of pay, including all bonuses, received by the employee at the time of his/her separation. For example, an employee with twelve full years of continuous City service at the time of separation would receive a pay-off for thirty-six percent (36%) (12 x 3%) of his/her accumulated sick leave, and an employee with eighteen years of continuous City service at the time of separation would receive a pay-off for seventy-two percent (72%) (18 x 4%) of his/her accumulated sick leave.

C. Severance Payment

In addition to the layoff provisions of the Personnel Rules, any Confidential employees who are laid off shall receive one day of their current salary for each year of service with the City, up to a maximum of ten (10) days of salary.

CHAPTER 4 - WORK HOURS

ARTICLE 12: HOURS OF WORK/WORK SCHEDULES

The workweek for all members of the unit shall be 168 regularly recurring hours. For employees working the 5/40 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 Confidential employee is required to work a forty (40) hour workweek, unless otherwise provided by the City Manager.

CHAPTER 5 - LEAVES OF ABSENCE

ARTICLE 13: SICK LEAVE

A. Except as is otherwise provided, all confidential employees shall accrue, use and be compensated for sick leave as follows:

1. Accrual: Each employee shall accrue sick leave at the rate of 3.68 hours for each complete biweekly period of employment. Payroll division records are the final authority for settling disputes regarding accrued and accumulated sick leave.

2. Eligibility for Use: With the exception of employees who change positions within the unit by promotion, transfer or for some other reason, sick leave accrued shall not be available for use until an employee completes 6 months of employment.

3. Sick Leave Usage: Sick leave may be used by the employee when he/she is ill or during a period illness by a child, step child, parent, step parent, spouse or registered domestic partner.

4. 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 which 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.

5. Sick Leave Incentive: Confidential employees who accumulate 72 hours or more of unused sick leave during any fiscal year may convert up to 24 hours of the accumulated unused sick leave to cash during the month of January of the following year. Such days not paid for or taken may be accumulated to be used or taken as needed in the future, or paid for in accordance with the sick leave buy-back program as referenced in Article 11 of this MOU.

ARTICLE 14: VACATION

A. Authorization For Taking Vacation

With the exception of employees who change positions within the unit by promotion, transfer or for some other reason, no employee may take accrued vacation until the employee completes six months of service. All vacation use must be approved by the employee's Appointing Authority. Employees who change positions within the unit by promotion, transfer or for some other reason are eligible to take vacation during their probationary period.

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 shall establish a vacation schedule for each calendar year based as far as possible upon applications and seniority of the employees concerned but subject to his/her right to plan work under his/her control and to allow vacations when employees can be spared. He/she shall notify every employee as soon as possible whether his/her application is approved, and if not, of the period which is substituted.

B. Vacation Accrual

Vacation accrual shall be calculated on the basis of hours. Vacation credit shall accrue biweekly to every member of the bargaining unit at the rates indicated below:

FIRST 4 YEARS OF SERVICE OF SERVICE	AFTER 4 YEARS THROUGH 14 YEARS OF SERVICE	AFTER 14 YEARS OF SERVICE
3.07 Hours Bi-weekly 80 Hours/Yr	4.60 Hours Bi-weekly 120 Hours/Yr	6.13 Hours Bi-weekly 160 Hours/Yr

C. Maximum Accrual of Vacation

Confidential employees with fourteen years of service or less may not accumulate more than 480 hours of vacation. Employees with 480 hours of vacation on the books will not continue to accrue vacation until their balance falls below 480 hours.

Confidential employees with more than fourteen years of service whose vacation accumulation at the beginning of a calendar year is less than 480 hours may accumulate annual vacation which will result in their balance being above 480 hours. However, if at the end of any calendar year the vacation accumulation is above 480 hours, they will not continue to accrue vacation until the balance falls below 480 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. Holidays During Vacations

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

E. Limit On Payment

No confidential employee shall be paid any more for his/her vacation period than he/she would have received if he/she had worked.

ARTICLE 15: ADMINISTRATIVE LEAVE

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 Confidential employees. Use of Administrative Leave shall be approved by the employee's Appointing Authority or designee noting the needs of the Department.

Each Confidential employee will be granted 67 hours Administrative Leave each calendar year. However, employees in the following classifications shall receive an additional 20 hours of administrative leave each year (for a total of 87 hours per year) in recognition of the additional time they spend taking minutes after regular hours at commission or board meetings: Executive Assistant I - Community Development, Executive Assistant I - City Clerk Executive Assistant II - Community Services, City Clerk Specialist and Executive Assistant III's.

Confidential employees accrue a pro-rata amount of administrative leave each pay period during the year. However, during the year, an employee may use the administrative leave that he/she has already accrued or will accrue for the remainder of the year. If an employee leaves the City's employ in the middle of the year, he/she will only be able to cash out the amount he/she has accrued up to the date of his/her separation from City service. Administrative Leave as provided herein is non-cumulative between calendar years. At the end of each calendar year, upon an employee's request, the employee will receive cash payment for up to 27 hours Administrative Leave not taken as time off during the calendar year.

ARTICLE 16: HOLIDAYS

A. Accrual and Use of Holidays

All Confidential employees shall be entitled to the following paid holidays if such employee worked the normally assigned duty period the work day before and the work day after the holiday, or was absent on authorized paid leave during said periods:

New Year's Day	January 1
Martin Luther King Day	3rd Monday in January
Presidents' Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September

Veterans' Day	November 11
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Day after the 4th Thursday in November
Christmas Day	December 25

1. Every confidential employee whose regular work schedule is a five (5) day per week or a 9/80 or 4/10 schedule, Monday through Friday, will observe holidays as follows:

   a. If the holiday falls Monday through Friday, one work day off is granted with pay on the day on which the holiday falls.

   b. 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 work day for employees working an alternate work schedule, 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 Appointing Authority 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 within the calendar year (with the exception of those floating holidays which are earned in November and 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 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. Appointing Authorities or designees will not act unreasonably in granting requests to use floating holidays. Said holiday is non-accruable and shall not be paid for if not taken during the calendar year. Said holiday(s) shall be non-accruable and must be used in the calendar year in which it was earned.

B. Personal Holiday

After six months of satisfactory service, Confidential employees shall be entitled to two additional paid personal holidays (based on the number of hours the employee is scheduled to work on the day) per calendar year. Said holiday may be taken at the employee's discretion subject to supervisor and Department Head approval. Employee

shall request said holiday in writing. If an employee does not use his/her personal holiday 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. Since a personal holiday cannot be removed from an employee once earned, and the parties do not want employees to ever have more than two personal holidays on the books, 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. Appointing Authorities or designees will not act unreasonably in granting requests to use personal holidays.

C. Potential Work on a Holiday

Because of operational need employees may be required to work on a holiday. An employee who is required to work on a holiday by his/her supervisor will be paid his/her holiday pay for the day. In addition, the employee will receive straight time pay for any hours he/she works on the holiday.

ARTICLE 17: BEREAVEMENT LEAVE

Bereavement leave is an absence occasioned by the death of a family member, herein defined as a spouse, parent, grandchild, 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 member 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 purpose, 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.

ARTICLE 18: DISABILITY LEAVE

Salary Continuance For Industrial Disability Leave

All terms contained in this section and the determination thereof shall be as defined by the provisions of Division 4 of the California Labor Code, Sections 3201 *et. seq.*

In the event of an accepted work-related injury claim, the City shall 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 ensuring a weekly or monthly income as the result of the same 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 an employee to qualify for this program, Appointing Authorities must notify Risk Management and Human Resources in writing immediately upon receiving knowledge of work-incurred injury.

Should an injured employee's period of absence exceed ten (10) working days, payment under this program will cease. An employee eligible to receive temporary disability indemnity may then utilize accumulated sick and vacation which when added to his/her temporary disability indemnity payments will add up to full salary, An employee who elects not to utilize accrued leave while receiving temporary disability indemnity payments must notify the Human Resources Office.

An employee seeking these benefits may be required to be examined by city authorized physicians at the discretion of the Assistant Director of Administrative Services/Human Resources and Risk Management Division of Administrative Services for the purpose of determining eligibility for this program.

ARTICLE 19: WITNESS LEAVE

Any confidential employee who is required to serve as a witness pursuant to a lawful subpoena in any judicial or quasi-judicial proceeding in a manner 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 services 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.

ARTICLE 20: LEAVES WITHOUT PAY

Requests for leaves of absence without pay must be submitted to each employee's supervisor and approved by the employee's Appointing Authority 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. Confidential employees on leave of absence without pay shall not accrue vacation, leave rights, nor shall the City pay for any benefits, except as required by law. Decisions whether to grant such a leave will be made based on operational needs of the Department.

CHAPTER 6 - EMPLOYER-EMPLOYEE RELATIONS

ARTICLE 21: GRIEVANCES AND DISCIPLINE

The City and the Confidential employees agree that 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 2-5.208, shall be submitted to advisory arbitration.

Representatives from the City and the Confidential Employees 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 State Mediation Service. The party filing the grievance or the disciplinary appeal shall strike the first name from the panel. The parties shall alternate striking names from the panel until one name remains who shall be the advisory arbitrator. For grievances involving Association representation, the costs of the advisory arbitrator shall be shared equally by the City and the Confidential Employees Association. If an employee is pursuing a grievance without the Confidential Employee Association representation, however, the employee shall be personally responsible for his or her one-half share of the costs of the advisory arbitrator. For disciplinary appeals, the City and the Confidential Employees Association shall equally share the costs of the advisory arbitrator.

After a hearing on a grievance or disciplinary appeal, the arbitrator shall issue a written advisory opinion to the City Manager, and shall provide copies to the Confidential Employees Association (or employee if proceeding on his/her own), the applicable Appointing Authority, the City Manager and the Office of Human Resources. Within ten (10) days from the receipt of the advisory arbitration's opinion, the Confidential Employees Association (or employee if proceeding on his/her own) and the applicable Appointing Authority may submit to the City Manager a brief statement, not exceeding three (3) double-spaced pages, stating whether they believe the advisory arbitrator's opinion is correct or not and the bases for their positions. 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 Office of Human Resources. The Office of Human Resources shall provide copies to the Confidential Employees Association, the employee and to the applicable City Appointing Authority.

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 Appointing Authority. 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 statements (if any) on the advisory arbitrator's opinion submitted by the parties to the City Manager, and the evidence, both documentary and testimonial, and arguments presented to the advisory arbitrator.

ARTICLE 22: ASSOCIATION RELATED BUSINESS

A. Association Representatives

The Association has previously submitted a current list of Association representatives (Board Members and alternates) to the Assistant Director of Administrative Services/Human Resources ("Director'). Any changes to this list shall be submitted to the Director or designee within ten (10) working days following such changes.

B. Representational Time-Off

The City shall allow three Association employee representatives reasonable time off without loss of compensation or other benefits while formally meeting and conferring with representatives of

the City on matters within the scope of representation or as may be required by the Grievance Procedure or to represent an employee in a disciplinary matter.

C. Use of City Facilities

Representatives of the Association may use City facilities for general membership meetings with the City as long as approval and prior clearance from the Director or designee are obtained. The Association may hold meetings during the noon hour in facilities that are available, subject to approval by the Director or designee.

D. Association Business and Training

The Association shall have a bank of 150 hours per contract year for use in conducting Association business. These hours cannot be carried over into the next contract year. The President of the Association may be asked to provide a record of the time used by the Director at any time and shall produce such record in a reasonable period of time. Association representatives utilizing this time shall notify their supervisors and shall endeavor to provide as much advance notice as possible.

ARTICLE 23: AGENCY SHOP

A. Legislative Authority

The parties mutually understand and agree that as a result of State of California adoption of SB 739, all full time and part-time benefited employees represented by the City of Beverly Hills Confidential Employees Association have the right to join or not join the Association. However, the enactment of a local "Agency Shop" requires that as a condition of continuing employment, employees in the respective bargaining unit must either join the Association or pay to the Association a service fee in lieu thereof. Such service fee shall be established by the Association, and shall not exceed the standard initiation fee, periodic dues and general assessments of the Association.

1. Association Dues/Service Fees

The Human Resources Office shall provide all employees hired into the unit with an authorization notice advising them that Agency Shop for the Association has been enacted pursuant to state law and an agreement exists with the Association, and that all employees subject to the Agreement must either join the Association, pay a service fee to the Association, or provide proof of membership in a religious organization which holds historic opposition to membership in a labor organization. Such notice shall include a form for the employee's signature authorizing a payroll deduction of Association dues, a service fee or a charitable contribution equal to the service fee. Said employees shall have 14 calendar days from the date they receive the form to fully execute it and return it to the City's Human Resources Office.

If the form is not completed properly or returned within 14 calendar days, the City shall commence and continue a payroll deduction of service fees from the regular biweekly paychecks of such employee. The effective date of Association dues,

service fee, or charitable contribution shall begin no later than the beginning of the first pay period commencing 14 calendar days after receipt of the authorization form by the employee.

The employee's earnings must be sufficient after the other legal and required deductions are made to cover the amount of the dues or fees authorized. When an employee is in a non-pay status for an entire pay period, no withholding will be made to cover the pay period from future earnings. In the case of an employee in a non-pay status only during part of the pay period, whose salary is not sufficient to cover the full withholding, no deduction shall be made. In this connection, all other legal and required deductions (including health care and insurance deductions) have priority over Association dues and service fees.

2. Religious Exemption

Any employee who is a member of a bona fide religion, body or sect that has historically held conscientious objections to joining or financially supporting public employee organizations shall upon presentation of active membership in such religion, body, or sect, not be required to join or financially support any public employee organization as a condition of employment. The employee may be required, in lieu of periodic dues, initiation fees or agency shop fees, to pay sums equal to the dues, initiation fees or agency shop fees to a nonreligious, non-labor charitable fund exempt from taxation under Section 501(c) (3) of the Internal Revenue Code, chosen by the employee from a list of at least three of these funds, designated in a memorandum of understanding between the City and the Association, or if the memorandum of understanding fails to designate the funds, then to any such fund chosen by the employee. Proof of the payments shall be made on a monthly basis to the City as a condition of continued exemption from the requirement of financial support to the Association.

Declarations of or applications for religious exemption and any other supporting documentation shall be forwarded to the Association within 14 calendar days of receipt by the City. The Association shall have 14 calendar days after receipt of a request for religious exemption to challenge any exemption granted by the City. If challenged, the deduction to the charity of the employee's choice shall commence but shall be held in escrow pending resolution of the challenge. Charitable contributions shall be made by regular payroll deductions only.

3. Rescission

The agency shop provision in this MOU may be rescinded by a majority vote of all the employees in the unit covered by the MOU, provided that:

a. A request for such a vote is supported by a petition containing the signatures of at least 30 percent of the employees in the unit;

b. The vote is by secret ballot;

c. The vote may be taken at any time during the term of the MOU, but in no event shall there be more than one rescission vote taken during that term. Notwithstanding the above, the City and the Association may negotiate, and by mutual agreement provide for, an alternative procedure or procedures regarding a vote on an agency shop agreement.

If a "rescission vote" is approved by unit members during the term of a current memorandum of understanding, the Association agrees not to petition for or seek Agency Shop status for the duration of the current memorandum of understanding.

4. Indemnification

The Association shall indemnify, defend, and hold the City harmless against any liability arising from any claims, demands, or other action relating to the City's compliance with the agency fee obligation including claims relating to the Association's use of monies collected under these provisions. The City reserves the right to select and direct legal counsel in the case of any challenge to the City's compliance with the agency fee obligation, and the Association agrees to pay any attorney, arbitrator or court fees related thereto.

5. Election

Prior to the implementation of this provision, the Association conducted an election at an open meeting held on May 13, 2008 to which the Association invited each eligible bargaining unit member, whether or not he/she is a current Association dues paying member. All eligible unit members in attendance were allowed to participate during discussion and voting, irrespective of current membership in the Association. A ballot was signed in support of an Agency Shop for the Confidential Employees Association and a representative of the City has concluded that the majority of signatures casted prevail.

ARTICLE 24: 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 the 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.

ARTICLE 25: CITY 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 in 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. This includes the right to determine the methods, means, and the number and kinds of personnel by which services are to be provided; to implement rules, regulations, and directives consistent with law and the specific provisions of this MOU and to determine whether goods or services shall be made or provided by the City or shall be purchased or contracted for; and to contract out bargaining unit work.

The City also has the following rights: to hire, promote, demote, transfer, assign, schedule and retain employees in positions within the City; subject to the rules and regulations of the City; to reprimand, suspend, reduce in pay withhold salary increases or discharge employees for just and proper cause; to maintain and improve the efficiency of governmental operations; to relieve employees from duties because of lack of work or funds; 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 (including content); to direct employees, including scheduling and assigning of work and work hours; to determine the organizational structure and personnel by which the operations are to be carried out; to establish reasonable performance standards for personnel, including but not limited to qualifications and quantity standards; and to establish employee performance standards and to require compliance therewith. In addition to the foregoing, the parties agree that the City may demand to meet and confer over the subject of furloughs.

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

FOR THE BEVERLY HILLS CONFIDENTIAL EMPLOYEES ASSOCIATION

Melissa Crowder	Date
Teresa Revis	Date
Lois Foraker	Date

APPROVED AS TO FORM

Jeff Natke	Date

FOR THE CITY OF BEVERLY HILLS

Shelley Ovrom	Date
Peter Brown	Date

EXHIBIT A

LIST OF CLASSIFICATIONS REPRESENTED BY THE CONFIDENTIAL EMPLOYEES ASSOCIATION

- City Clerk Specialist
- Executive Assistant I
- Executive Assistant II
- Executive Assistant III
- Human Resource Associate I
- Human Resource Associate II
- Human Resource Associate III
- Human Resource Specialist
- Office Assistant I
- Office Assistant II
- Office Assistant III
- Risk Management Coordinator
- Staff Assistant