



AGENDA REPORT

Meeting Date: May 20, 2014

Item Number: F-8

To: Honorable Mayor & City Council

From: Don Rhoads, Director of Administrative Services/CFO
Shelley Ovrom, Interim Asst. Director of Administrative Services/Human Resources

Subject: MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF BEVERLY HILLS AND THE MANAGEMENT AND PROFESSIONAL EMPLOYEES ASSOCIATION OF BEVERLY HILLS

Attachments:

1. Tracked Changes Memorandum of Understanding (MOU)
2. 2013-2015 Management and Professional Employee Association Memorandum of Understanding
3. Fiscal Analysis

RECOMMENDATION

Staff recommends approval of the attached Memorandum of Understanding between the City of Beverly Hills and the Management and Professional Employees Association of Beverly Hills.

INTRODUCTION

The Management and Professional Association of Beverly Hills represents all members within the miscellaneous employee unit in the City that are in managerial or professional positions. The last Memorandum of Understanding (MOU) expired October 5, 2013. Representatives of the Association and the City, having met and conferred in good faith since August of 2013, have agreed to the terms found in the attached MOU. The new agreement has a term of two years from October 6, 2013 to September 30, 2015.

DISCUSSION

Significant changes from the previous MOU are listed below:

1) Term of Agreement

- October 6, 2013 – September 30, 2015

2) Salary

- 10% increase (8% for retirement offset and 2% additional increase) upon City Council approval. 1% additional increase effective 10/4/14.
- Elimination of the total compensation survey.

3) Retirement

- Classic employees (employed by the City on or prior to December 31, 2012, or lateral hires from another PERS agency) pay their 8% member contribution upon City Council approval of the MOU.
- New members (hired on or after January 1, 2013) per the Pension Reform Act pay the statutorily mandated contribution of half the normal cost (6.25%) plus an additional amount (1.75%) as cost sharing, upon City Council approval of the MOU, to get their contribution to 8% so that all employees are paying 8%.
- Elimination of PERS on PERS benefit since employees now pay their own member contribution.

4) Health Insurance

- Cafeteria Plan benefit modified from PERSCare two-party medical plus dental and vision to \$1,873.00 total benefit for 2014 and \$2,100.00 for 2015.
- Prior benefit had a built in escalator based on premium increases. The agreed upon provision requires increases to be negotiated in the future.
- The amounts agreed upon provide savings over 2013 since the cost of PERSCare went down 35%.
- The parties also agreed to reduce the maximum receipt of cash an employee can receive for opting out of benefits from \$640 to \$500.

5) Pay for Performance

- Program modified and made much easier to administer. The maximum benefit was previously 10%, with eligibility determined by salary survey placement and a scoring system based on established goals and objectives. The maximum benefit has been reduced to 5% and is no longer tied to a compensation survey. The new program gives the evaluators greater discretion in providing pay for performance based on a score achieved through the ratings of each evaluation category.

6) Disability Insurance

- Increase the total potential maximum benefit from \$6,000 to \$7,500 per month.

7) Bereavement Leave

- Adding “grandchildren” as a relative for which an employee can use the bereavement leave benefit.

8) Furloughs

- The Association agreed that if the City requests to negotiate regarding furloughs, they are obligated to meet and confer during the term of the MOU.

9) Dispute Resolution Process

- The Association agreed to a statute of limitations of 60 days. Previously there was no statute of limitations in the process.

In addition to the listed changes, the MOU was modified to reflect current laws, correct titles, and improve the document clarity.

FISCAL IMPACT

In compliance with the Beverly Hills Municipal Code, Article 5 Section 2-5-505: Economic Analysis, a fiscal impact analysis of the proposed memorandum of understanding was conducted by the outside firm, MGO Certified Public Accountants. The attached report found that although there was a calculation discrepancy between the two years of the contract, “the total of salary and benefits allocated over both years was correct.”

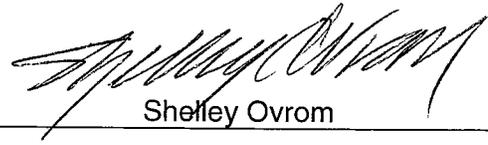
Over the next two years, this Memorandum of Understanding will result in a net increase in compensation related costs to the City of \$302,383.

Meeting Date: May 20, 2014



Don Rhoads

Finance Approval



Shelley Ovrom

Approved By