AGENDA REPORT

Meeting Date: June 17, 2014

Item Number: H-6

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. Agenda Report – May 20, 2014 (without attachments)
2. 2013-2015 Management and Professional Employee Association Memorandum of Understanding

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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

The terms of the newly negotiated Memorandum of Understanding were presented to the City Council at the meeting of May 20, 2014. This item comes before the City Council again this evening for a second review as required per Ordinance 13-O-2651 addressing the procedure for adopting or amending a Memorandum of Understanding between the City and an exclusively recognized employee organization. A summary of the changes to the Memorandum of Understanding are reflected in Attachment 1.

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.

Don Rhoads	Shelley Ovrom
Finance Approval	Approved By

Attachment 1

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

Attachment 2

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE CITY OF BEVERLY HILLS

AND

THE BEVERLY HILLS MANAGEMENT AND PROFESSIONAL EMPLOYEES ASSOCIATION

October 6, 2013 - September 30, 2015

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MANAGEMENT AND PROFESSIONAL EMPLOYEES ASSOCIATION 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 October 6, 2013 and shall expire on September 30, 2015.

3. Definition of the word "Day": The word "day" in this agreement refers to calendar days unless specifically designated as working days.

1. SALARIES

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%). Any employees in the unit who were subject to having their compensation Y-Rated, on the date of adoption of the MOU by the City Council shall receive an 8.64% base salary increase.

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

A. 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. The City agrees that members of the unit shall receive a performance evaluation once each year.

To achieve the goal of high performance, the parties have established this pay for performance plan. Under the plan any member of the unit 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.

Employees are eligible to receive up to five percent (5%) of their base salary for pay for performance in a lump sum payment. The determination as to whether an employee is eligible for pay for performance is based on whether he/she receives a performance evaluation which satisfies the following criteria: 1) the employee receives a total of at least eight points for the Ratings of Performance Categories, valued as follows: two points for each Rating of "exceeds often" and one point for each Rating of "exceeds sometimes"; and 2) the employee does not receive any performance rating of "Unsatisfactory." If the employee is eligible for pay for performance, the evaluator of the employee will determine the appropriate level of pay for performance.

Employees who do not receive their annual performance evaluation within 45 days of its due date, may file a request with the Human Resources Department for issuance of the evaluation, including an assessment of their pay for performance pay. The Human Resources Department will contact the City Manager's office to help ensure the evaluation is issued within 30 days.

The parties agree that to the extent permitted by law, pay for performance pay is special compensation and shall be reported as such pursuant to Title 2 CCR, Section 571(a)(1) Incentive Pay.

2. APPOINTMENT AND ADVANCEMENT

A. <u>Appointments</u>

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

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

1) 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. Movement between Step 2 and 3, Step 3 and 4 and Step 4 and 5 are in one year increments unless otherwise approved by a Department Head who may recommend movement of more than one step.

2) 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 prior to the City Council budget presentation 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 fiscal year, he/she will not earn an additional personal holiday in the next fiscal 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	BEGINNNING 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 fiscal 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, 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 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:

1) 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.

2) 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. 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 will contribute the PERS statutory minimum on behalf of each participant in the program.

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:

Medical, dental and optical benefits are provided through the provision of a cafeteria plan adopted in accordance with the provisions of IRS Code § 125.

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

The cafeteria plan offers employees the opportunity to purchase medical, dental and optical insurance as provided below.

For the remainder of calendar year 2013, employees 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 set

forth below includes the PERS statutory minimum paid by the City.)

Effective January 1, 2014, employees shall be provided with the amount of $1873.00 for the purchase of the optional medical, dental and optical insurance benefits.

Effective January 1, 2015, employees shall be provided with the amount of $2,100.00 for the purchase of the optional medical, dental and optical insurance benefits.

(1) Medical Insurance

Eligible employees may select any of the HMO and 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 $500 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.

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 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 $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.

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 (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.

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.

B. 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.

C. Retiree Medical Insurance

1) For Employees Hired or Promoted into the Unit after July 1, 1981 and Prior to December 2, 1997:

For employees hired or promoted into the bargaining unit between July 1, 1981 and December 2, 1997, the City shall (as a retiree medical benefit) 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. The employee will receive a check for the difference between the two party rate of the PERS Care Plan and the PERS statutory minimum and the City will pay the statutory minimum directly to 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.

2) For employees hired or promoted into the Management & Professional unit between December 2, 1997 and December 31, 2009, the retiree health insurance benefit is as follows:

To qualify for this benefit, an employee shall:

a. Complete a minimum of five (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, subject to the provisions below, the City shall 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 (the employee will receive a check for the difference between the single party rate of the PERS Care Plan and the PERS statutory minimum and the City will pay the statutory minimum directly to PERS) as follows:

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 with the City paying the statutory minimum to PERS.

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

Retirees and their dependents will not be permitted to receive cash back options per the cafeteria plan.

3) 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.

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.

4) Retirees 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.

5) Alternative Retiree Medical Program

Notwithstanding any provision above, employees in the unit who have previously voluntarily chosen to participate in the Alternative Retiree Medical Program (ARMP) will not receive retiree medical benefits from the City. Their choice of ARMP was made in lieu of receipt of the retiree medical benefit provided above.

7. RETIREMENT

The City contracts with CalPERS for retirement benefits. The definitions of "new member" and "classic member" are set forth in Appendix B to this MOU.

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

1) 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.

2) Single Highest Year: The City's contract with the CalPERS provides for the "Single Highest Year" final compensation period for classic member employees, per Government Code Section 20042.

3) 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. 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.

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

1) 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).

2) 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).

3) 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. Optional Benefits For All Employees

1) 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.

2) 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.

3) Military Service Credit: The City's contract with CalPERS provides the Military Service Credit option set forth in Government Code section 21024.

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.

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. In addition to the foregoing, the parties agree that the City may demand to meet and confer over the subject of furloughs.

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. Any such alleged violation, misinterpretation or misapplication of past practices and this MOU must be filed within 60 days of the date the employee or Association had actual notice or was provided with sufficient information that they should have known of their right to file as a grievance/dispute.

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:

1) For the first 7 full years of service - 21% of accumulated sick leave.

2) 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%.

3) 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.

MANAGEMENT AND PROFESSIONAL EMPLOYEES ASSOCIATION

Charles Ackerman	Date
Brenda Lavender	Date
Brad Meyerowitz	Date
Robert Wexler	Date

FOR THE CITY OF BEVERLY HILLS

Don Rhoads	Date
Peter Brown	Date

EXHIBIT A
LIST OF CLASSIFICATIONS REPRESENTED BY THE ASSOCIATION

Accounting Manager
Admin Services Manager
Art Director
Assistant Division Commander
Assistant Property Manager
Assistant to the City Manager
Associate Planner
Associate Project Manager
Audit and Permit Admin
Budget & Financial Analyst
Building Inspection Manager
Business Info Systems Administrator
Civil Engineer
Client Support Administrator
Code Enforcement Manager
Community Development Information Coordinator
Communication & ID Bureau Manager
Community & Cultural Services Administrator
Community Outreach Manager
Deputy City Clerk
E-Government Manager
Emergency Medical Services (EMS) Programs Administrator
Environmental Project Manager
Facilities Maintenance Manager
Fleet Manager
Geographic Information Systems (GIS) Coordinator
Human Resources Analyst
Human Resources Manager
Human Services Administrator
Human Services Outreach Manager
IT Operations Officer
IT Systems Architect
Librarian III
Library Circulation Supervisor
Library Services Manager
Management Analyst
Marketing and Economic Sustainability Manager
Multimedia Services Manager
Network Administrator
Office Manager
Operations Manager
Organizational Development Manager
Park & Urban Forest Manager
Parking Operations Manager
Parking Services Manager
Permit (Center) Manager
Plan Review and Building Inspection Manager
Plan Review Engineer/Architect
Plan Review Manager
Plan Reviewer
Plant Engineer
Principal Accountant
Principal Auditor
Principal Civil Engineer
Principal Planner
Project Administrator
Project Manager
Public Information Manager
Public Relations Manager
Real Estate/Property Manager
Records & Archives Manager
Records & Jail Manager
Recreation Services Manager
Revenue Operations Investigator
Revenue Manager
Revenue Officer
Revenue Operations Administrator
Risk Management Specialist
Safety Officer
Security Administrator
Senior Budget & Financial Analyst
Senior Contract Administrator
Senior Librarian
Senior Management Analyst
Senior Planner
Senior Transportation Engineer
Senior Plan Review Engineer/Architect
Solid Waste Manager
Street Superintendent
Supervising Building Inspector
Supervising Plan Review Engineer
Support Services Manager
Sustainability Programs Manager
Systems Integrator
Technology Operations Officer
Traffic Engineer
Transportation & Operations Manager
Transportation Planner
Urban Designer
Utility Billing & Customer Services Manager
Water Operations Manager
Water Quality Specialist
Web Applications Integrator

EXHIBIT B
DEFINITIONS OF "NEW MEMBER" AND "CLASSIC MEMBER" PER THE PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013 – PEPRA.

The parties acknowledge that the PEPRA controls over definitions such as "new member" and "classic member" and put their understanding of the definitions in their MOU for informational purposes so that employees understand their retirement benefits.

New Member

Government Code section 7522.04(f) defines "new member" as follows:

(f) "New member" means any of the following:

(1) An individual who becomes a member of any public retirement system for the first time on or after January 1, 2013, and who was not a member of any other public retirement system prior to that date.

(2) An individual who becomes a member of a public retirement system for the first time on or after January 1, 2013, and who was a member of another public retirement system prior to that date, but who was not subject to reciprocity under subdivision (c) of Section 7522.02.

(3) An individual who was an active member in a retirement system and who, after a break in service of more than six months, returned to active membership in that system with a new employer.

Classic Member

CalPERS refers to all members who do not fit the definition of new member as a classic member.