Attachment 1

AGENDA REPORT

Meeting Date: May 20, 2014

Item Number: F-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 BEVERLY HILLS CONFIDENTIAL EMPLOYEES ASSOCIATION

Attachments:

1. Tracked Changes Memorandum of Understanding (MOU)
2. 2013-2015 Confidential Memorandum of Understanding
3. Fiscal Analysis

RECOMMENDATION

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

INTRODUCTION

The Beverly Hills Confidential Employees Association represents all members within the confidential employee unit in the City. 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%.

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 $2,000.00 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 $535 to $475.

5) Disability Insurance
   - Increase the potential maximum benefit from $6,000 to $7,500 per month.

6) Bereavement Leave
   - Adding "grandchildren" as a relative for which an employee can use the bereavement leave benefit.

7) 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.

8) Grievance Procedure
   - Elimination of the first step – Meeting with the direct supervisor to expedite 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 costing calculations were correct except for one item resulting in a relatively minor higher cost in year one of the contract of $11,478.

Over the next two years, this Memorandum of Understanding will result in a net increase in compensation related costs to the City of $77,376.

Don Rhoads

Finance Approval

Shelley Ovrom

Approved By