Attachment 2

Tentative Agreement - January 17, 2014

Memorandum of Understanding Between the City of Beverly Hills

and

The Beverly Hills Confidential Employees Association

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.

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.

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.

3. TERM

This MOU shall be effective October 6,~~September 27,~~ 2013~~08~~ and shall expire on September 30, 2015. ~~October 5, 2013~~.

4. 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.

5. SALARY

Effective June 28, 2014 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%).

~~On the effective dates listed below, the City shall implement base salary increases for all unit classifications according to the following schedule:~~

~~September 27, 2008~~
~~September 26, 2009~~
~~September 25, 2010~~
~~September 24, 2011~~
~~September 22, 2012~~

~~Employees in the unit will receive a salary increase on each of the above referred to dates if the total compensation for their classification is below the 80th percentile (for the first year of this MOU) and the 75th percentile (for the second through fifth year of this MOU) of total compensation for the surveyed cities.~~

~~The 75th and 80th percentiles are calculated by using an excel spreadsheet. The array of total compensation numbers for each classification (either the benchmarks or the other~~

~~classifications whose compensation is determined by internal relationships to the benchmarks) are calculated and placed on an excel spreadsheet. The array of total compensation numbers are placed on the excel spreadsheet and then the following formula is run: =percentile (A1:A6,0.75) enter or =percentile (A1:A6,0.80). A6 stands for the six survey agencies.~~

~~The total compensation study shall be performed by a hired consulting firm, selected and paid for by the City. If the Association does not agree with the results of the study (i.e., the comparability data or the calculations of the numbers from each agency) or the parties cannot agree to changes to the study, the Association may hire its own consultant to prepare a response to the consultant hired by the City. After the Association's consultant issues his/her report, the parties will once again try to reach an agreement on the results of the total compensation formula. If an agreement still cannot be reached, the parties may either agree to submit the matter to a mediator or proceed to impasse.~~
~~For 2008-2009 (the first year of this Agreement) the compensation study will examine the total compensation of benchmarked classifications using the jurisdictions of Santa Monica, Pasadena, Burbank, Culver City, Torrance and Glendale. By June 1, 2009, the Association has the right to inform the City that it wishes to substitute up to three of the survey cities with other cities in Los Angeles or Orange Counties. If any of the six cities are substituted, the six new cities will then be used throughout the remainder of the MOU as the cities that will be surveyed each year.~~

~~For 2008 – 2009, the Association will evaluate the comparability data provided to it by the City (from the six survey agencies) and will then inform the City regarding any differences it may have about the data once those differences are identified by the Association. Once that process is completed, (or if necessary resolved through mediation or impasse) any first year adjustments will be made on a classification by classification basis if appropriate.~~

~~For the second year of the MOU, once the Association identifies any changes to the survey cities (by June 1, 2009) comparability data will be compiled by the City and provided to the Association for its review. The parties will then try and reach an agreement on the comparability data. Once an agreement is reached (or if necessary resolved through mediation or impasse) that comparability data will be used throughout the remainder of this MOU.~~

~~The elements of total compensation will include:~~

~~1. Monthly Base Salary (Top Step);~~
~~2. Retirement Benefit, including a) City PERS rate and b) the value of the City paid employee PERS contribution = eight percent (8%);~~
~~3. The value of the average health insurance plan of all bargaining unit members. To determine the survey agencies' values, the survey will use each agency's plans (including cafeteria dollars offered to employees at the other agencies) with the Confidential Employees' demographics at the time the survey is conducted;~~
~~4. City paid Dental top rate;~~

~~5. City paid Vision top rate; (Effective with the 2010 salary study, elements 3, 4 and 5 drop out for purposes of calculating the survey amount for Beverly Hills) and the average cafeteria plan contribution per employee is substituted in its place.~~

~~6. Long Term Disability;~~

~~7. Maximum City contribution to Life Insurance valued at 21 cents per $1,000 of coverage;~~

~~8. Maximum City contribution to deferred compensation;~~

~~9. Longevity Pay 10th year employee;~~

~~10. The dollar value of vacation leave provided to a 10th year employee;~~

~~11. The dollar value of all holiday pay provided to a 10th year employee;~~

~~12. The dollar value of 67 hours administrative leave.~~

6. DEFERRED COMPENSATION

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

7. 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.

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

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~~ on his or her anniversary date in the position~~, 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. ~~The salary step increase will be effective on the first day of the pay period that begins after his/her anniversary date.~~

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.

8. INSURANCE COVERAGES

~~**Medical**~~

~~The City contracts with the Public Employees' Retirement System for medical insurance. The City shall provide a medical health insurance program to Confidential employees, the cost of which shall be borne by the City. The cost of the coverage may vary, contingent upon the number of dependents claimed. Medical insurance coverage is effective the first day of the month following the thirty (30) day waiting period, provided that the employee has attained regular or probationary status on the effective date of coverage.~~

~~In the event an employee is on leave of absence without pay, as a result of an industrial injury, the City shall pay its contribution toward the medical insurance premium of an employee and dependents, if covered, to the limit of one month's contribution for each full year of said employee's City service.~~

~~The payment of premiums toward this medical insurance program will be through the administration of a flexible benefit package. The City shall pay the PERS statutory minimum ($97.00 for 2008, $101.00 for 2009, and the yet still undetermined amount for 2010, 2011, 2012 and 2013) on behalf of each participant in this program. A participant is defined as 1) any employee and dependents, 2) an enrolled retiree and dependents, and 3) a surviving annuitant. In addition to the PERS statutory minimum, flexible benefits shall be provided as follows:~~

1. ~~For employees, the City shall pay the difference between the PERS statutory minimum and the actual cost of the medical insurance premium up to full family coverage.~~

2. ~~For retirees who retired (service retirement only) after July 1, 1981, 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. Employees hired or promoted into the Confidential Group on or after January 1, 2000, shall not be eligible for the benefit under this Section A.2.~~

3. ~~For employees hired or promoted into the Confidential Group on or after January 1, 2000, the retiree medical insurance benefit shall be as follows:~~

~~To qualify for this benefit, an employee shall:~~

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

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

~~c. 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:~~

~~a. The City will pay 25% of the difference;~~

~~b. 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.~~

~~J. Life Insurance~~

~~Confidential employees shall be entitled to a fifty thousand dollar ($50,000) term life insurance policy under the City's life insurance program. The premium for such policy shall be paid for by the City under life insurance program of its choosing. Employees shall have the option to purchase additional life insurance at the City's unit cost, if available.~~

~~K. Disability Insurance~~

~~The City shall provide at the City's cost, a long term disability plan for Confidential employees.~~

~~L. Dental Insurance~~

~~The City shall provide a dental insurance plan to employees, the cost of which shall be borne by the City. The cost of the coverage may vary, contingent upon the number of dependents claimed.~~

~~M. Optical Insurance~~

~~The City shall provide at the City's cost, an optical insurance plan to employees, the cost of which shall not exceed $22.50 per month per employee.~~

~~N.~~J. A. Health and Welfare Benefits ~~Effective January 1, 2010~~

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.

~~Effective January 1, 2010, T~~the City ~~will~~ contributes the PERS statutory minimum on behalf of each employee ~~participant~~ in the program. ~~A participant is defined as any of the following individuals: (1) a covered employee, (2) a covered retiree, and (3) a covered surviving annuitant of a deceased retiree.~~

~~In addition, t~~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:

      ~~Effective January 1, 2010, t~~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. ~~As such, paragraphs D and E of this Article (dental and optical insurance) will be superseded by the provisions of the cafeteria plan on January 1, 2010. The provision of medical insurance to employees (as contained in paragraph A above) will also be superseded by the provisions of the cafeteria plan on that date. Nothing herein will impact the provisions of paragraphs A2 and A3 above as they relates to retiree medical insurance for retirees who retired on or before December 31, 2009.~~

   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.

      ~~Effective January 1, 2010, e~~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.) ~~Each year on January 1, the amount~~

~~shall be adjusted by the amount of the increase in two party PERS Care, family dental and family vision.~~

Effective January 1, 2014, employees shall be provided with the amount of $1873.00 (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 $2000.00 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 ~~following~~ medical insurance plans offered by CalPERS:

~~HMO Plans~~	~~PPO Plans~~
~~1) Kaiser;~~	~~1) PERS Care;~~
~~2) Blue Shield Access +; or~~	~~2) PERS Choice; or~~
~~3) Blue Shield Net Value~~	~~3) PERS Select~~

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 ~~foregoing~~ 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. ~~as follows:~~

~~e.~~

~~f. Receipt of Cash for Opting Out of the Optional Benefits.~~

~~g.~~

~~h. Employees who elect not to be covered by any of the three optional benefits provided through the cafeteria plan, and meet the opt out requirements, if any, shall receive the following monthly amount as cash wages for each benefit for which the employee opts out:~~

~~i.~~

~~j.~~

~~k. 1) medical insurance $450.00~~

~~l. 2) dental insurance $75.00~~

~~m. 3) optical insurance $10.00~~

~~n.~~

~~o. Maximum Receipt of Cash If Optional Benefits Chosen Result in the Employee Still Having Cafeteria Plan Contributions Available.~~

~~p.~~

~~q. The cafeteria plan offers employees the ability to purchase each of the three optional benefits with the City's contribution to the cafeteria plan. Employees may choose to purchase benefits that cost less than the City's contribution to the cafeteria plan and choose to receive cash wages with their remaining City contribution. An employee who chooses to receive any of the optional benefits under the cafeteria plan shall be eligible to receive up to the following monthly amount as cash wages as long as he/she has not reached the cafeteria plan maximum amount with his/her purchases:~~

~~r.~~

~~s. 1) medical insurance $350.00~~

~~t. 2) dental insurance $50.00~~

~~u. 3) optical insurance $5.00~~

~~If, after opting out of one or more optional benefits or purchasing optional benefits through the cafeteria plan (under F(1)(d)(1) or F(1)(d)(2) an employee would exceed the City contribution amount to the cafeteria plan through the receipt of the cash wages described herein, the cash wages the employee will be provided is that amount which will bring the employee to the maximum amount as described above.~~

~~Thus, for example, (under F(1)(d)(1) above) if an employee (who receives a maximum amount of $1,543.00) opts out of dental insurance and purchases medical and optical insurance with premiums which add up to $1,250.00, he/she would receive $75 for opting out of dental insurance. However, if the premiums added up to $1,532.00 (and the maximum amount was $1,543.00) the employee would only receive $11 for opting out of dental insurance, not the $75.00 because the $11 would cause the employee to reach the cafeteria plan contribution maximum.~~

~~As another example, (under F(1)(d)(2) above) if an employee hired on February 10, 2010 purchases $1,400.00 worth of optional benefits per month including medical insurance, (and the maximum amount was $1543.00) he/she will receive $143.00 per month in cash. However, if an employee only purchases $700.00 per month in medical, dental and optical insurance, he/she will receive $405.00 per month in cash~~

~~v.~~d. 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~~$2,500 per year (~~for the health care FSA and~~) and up to $5,000 per year (for 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. Long Term Disability and Life Insurance ~~Mandatory Health and Welfare Benefits:~~ The following are benefits that all employees are included in at the City's cost: term life insurance ($50,000.00 policy) and disability insurance which provides two thirds (2/3) of monthly salary up to a maximum of up to ~~$6,000.00~~ 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. ~~Paragraphs B and C of this Article will be superseded by the provisions of this paragraph F(2) on January 1, 2010.~~

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 optical~~vision~~ 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 ~~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. Retiree Medical Insurance

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.

For Employees Hired Between July 1, 1981 and December 31, 1999~~fore January 1, 2010~~

For bargaining unit members hired between July 1, 1981 and December 31, 1999 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. ~~Employees hired or promoted into the Confidential Group on or after January 1, 2000, shall not be eligible for the benefit under this Section A.2.~~

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

The retiree medical insurance benefit shall be as follows:

To qualify for this benefit, an employee shall:

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

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

c. 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:

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

b. 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.