

MEMORANDUM OF UNDERSTANDING

BETWEEN

CITY OF HERMOSA BEACH

AND

MANAGEMENT EMPLOYEES

JULY 1, 2015 - JUNE 30, 2016

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**SALARY, BENEFITS AND OTHER CONDITIONS OF EMPLOYMENT FOR
MANAGEMENT EMPLOYEES**

**MANAGEMENT EMPLOYEES COMPENSATION PROVISIONS FOR THE PERIOD
COMMENCING JULY 1, 2015 THROUGH JUNE 30, 2016**

ARTICLE 1 – PREAMBLE

The provisions of this Agreement have been developed in the interest of promoting and improving employee relations between the City of Hermosa Beach, California and Management Employees who are represented by the Hermosa Beach Management Employees' Association.

ARTICLE 2 – COMPENSATION

- A. The City agrees to hire and appropriately compensate capable management personnel. They will be professional, adequately trained, meet standards required for such positions, and the Council reaffirms that compensation will include such items as salary, contribution for P.E.R.S., vehicle, deferred compensation, cafeteria-style options of compensation, merit and retirement.

- B. The base monthly salaries of the management positions shall be as follows (reflects base salary increase of 5% effective 7/1/15):

	1	2	3	4
Assistant to the City Manager	8802	9242	9703	10188
Community Resources Manager	8802	9242	9703	10188
Human Resources Manager	8802	9242	9703	10188
Community Development Director	10277	10792	11331	11898
Finance Director	10277	10792	11331	11898
Public Works Director	10815	11357	11925	12521
Fire Chief	11030	11585	12162	12770
Police Chief	13072	13726	14411	15133

The parties understand that these amounts shall be reported to the California Public Employees Retirement System (CalPERS) as employee compensation and thus be "PERSable."

ARTICLE 3 – EDUCATIONAL ALLOWANCE

- A. For employees hired prior to July 1, 1995:
 - 1. An employee who has entered upon a program of education at an accredited university or college, which program has been previously approved by the City Manager prior to October 1, 1995 shall be entitled to a vocational allowance in an amount equal to sixty-six percent (66%) of the tuition actually paid by such employee, which tuition was paid after written approval as aforesaid, and which sums shall be paid by the City within thirty days after submission of proof of payment of said tuition by the employee in accordance with the terms of this paragraph.

2. Effective October 1, 1995 an employee who enrolls in a program of education at an accredited university or college, which program has previously been approved by the City Manager, shall be entitled to reimbursement for course fees, books, materials and tuition an amount equal to sixty-six percent (66%) of amount incurred. Said reimbursement for tuition shall not exceed 66% of the tuition charged for attendance at a college within the California State University (CSU) system.
- B. There shall be no Educational Allowance for employees hired after July 1, 1995.

ARTICLE 4 – MANAGEMENT PERFORMANCE BONUS PROGRAM

- A. Employees covered by this Resolution shall be eligible to receive a Management Performance Bonus award annually for superior performance. Said bonus award shall be in an amount determined by the City Manager based on achievement of superior performance, and shall not exceed 10% of salary.
- B. Bonuses are to be awarded in November of each year. They are awarded for achievement of excellent/superior performance during the prior year as determined by how many goals were met during the prior year. Achievement of any of the goals equates to performance over and above standard performance and is recognized as superior performance as it relates to these goals. The parties understand that these amounts will be reported to the California Public Employees Retirement System (CalPERS) as employee compensation and thus be "PERSable".
- C. Program Criterion:

The achievement of goals is evaluated in an annual meeting with each management employee and the City Manager to determine amount of bonus.

The accomplishments of each department are considered in meeting annual goals and performance objectives set by the Department Head and the City Manager.

Professional relationships between the management employee and the public, City Council, city commissions, departmental staff, other management personnel, and the City Manager are considered.

Tenure as a management employee is considered.

Citywide goals and objectives are established annually by the City Council as part of the budget process and each management employee establishes independent goals for their department in order to meet these broad objectives. Progress towards meeting these objectives is considered.

Response to and ability to resolve problems as they arise are factors in determining annual bonuses.

ARTICLE 5 – DEFERRED COMPENSATION

- A. Each employee, individually, may elect to participate in any deferred compensation plan offered by the City.
- B. The City will contribute a maximum of \$8,000 per calendar year for management employees participating in one of the deferred compensation programs.

ARTICLE 6 – ADDITIONAL COMPENSATION

- A. Should responsibilities of a position change significantly, the compensation for the classification shall be established following completion of an appropriate salary survey. Said salary shall be commensurate with the new responsibilities.
- B. In keeping with current employment trends for public sector executives, the City Manager may authorize additional incentives upon initial appointment that may include such items as reimbursement of reasonable relocation expenses, temporary housing assistance up to a maximum of \$15,000, and/or establishing balances or advances in accumulated vacation or sick leave. Any expense reimbursements shall be supported by appropriate receipts and made in accordance with established City policies.

ARTICLE 7 – TEMPORARY UPGRADE PAY

- A. Management employees may be designated by the City Manager as **Assistant City Manager** for the purpose of special or general assignments. Such designation shall be mutually agreed to by the City Manager and the Department Director(s). Assignments may be daily, weekly or monthly and shall be paid as a per diem base premium of 5 to 20 percent, said amount to be mutually determined at time of designation.
- B. An individual so assigned shall report directly to the City Manager and shall operate within specified written goals and objectives.
- C. Said appointment shall terminate at the pleasure of either party with thirty days written notification.

ARTICLE 8 – VACATION

- A. Upon employment, Management employees shall accrue vacation at the following rates:
 - 1. 114 hours per year through four (4) years of service;
 - 2. 138 hours per year, five (5) years through (9) years of service;
 - 3. 178 hours per year, ten (10) years or more of service.
- B. Further, the employee may be paid cash in lieu of unused vacation in excess of two weeks (80 hours) vacation at any time.

- C. Vacation may be accrued up to a thirty (30) month accrual level, with an automatic cash-out of hours in excess of that amount. Employees with a current, as of May 1, 1994, accrual balance in excess of that amount shall have that amount established as their maximum accrual until such time as their accrual is diminished to a thirty (30) month accrual level.
- D. Employees shall be reimbursed for 100% unused vacation days accrued upon resignation, retirement or imposed termination from their employment with the City.

ARTICLE 9 – PRIOR SERVICE CREDIT

Upon successful completion of five (5) years of service as a department director for the City of Hermosa Beach, each department director's prior full-time government (state, local, county, or special district) years of service will be counted towards the accrual of benefits provided under this agreement including accrual of paid leave and retiree medical benefits. All prior and current years of service will be considered as continuous service with the City of Hermosa Beach.

ARTICLE 10 – MANAGEMENT LEAVE

Employees shall be allowed one hundred (100) hours of additional leave each calendar year in addition to flex time for extraordinary assignments, fixed holidays, vacation, and Bereavement Leave. Management Leave does not accumulate or carry over; it must be used each year. Said Management Leave shall have no monetary value and shall be prorated for partial year's service.

ARTICLE 11 – HOLIDAYS

Holidays shall be consistent with those provided to employees governed by the Administrative Employees Bargaining unit.

ARTICLE 12 – SICK LEAVE

A. Basis of Sick Leave

- 1. Accrual shall be at six (6) hours per month until a balance of 176 hours is achieved. Accrual shall be eight (8) hours per month once a balance of 176 hours is achieved. After 176 hours accrued, member may cash in the excess annually at 100% rate. Maximum accrual will be 500 hours. Any excess will be automatically cashed in at 100% rate. This is to be paid with the first paycheck of December each year.

B. Use of Sick Leave

- 1. Sick Leave shall be used only in case of sickness or disability of the employee or for family Sick Leave. Misuse of Sick Leave shall be grounds for disciplinary action.

C. Family Sick Leave

1. In case of serious illness of a member of the immediate family, the employee may utilize Sick Leave.
2. Immediate family for the purpose of this Section shall be defined as; spouse, mother, mother-in-law, father, father-in-law, sister, brother, child, stepchild, guardian, stepfather, stepmother, grandparents, or grandchildren.

D. Employees covered by this Agreement shall, upon resignation, retirement, or imposed termination from their employment with the City be reimbursed for 100% of unused sick days accrued at their current rate.

ARTICLE 13 – BEREAVEMENT LEAVE

Each employee covered by this Agreement shall receive a maximum of three (3) shifts per calendar year to be utilized for Bereavement Leave because of a death in their immediate family (as defined in #2 above). Said time will not be cumulative from one twelve month period to another nor will pay in lieu of unused leave be provided. For the purposes of bereavement leave, parents in-law, step children and parents, and persons living within the same household are to be considered in the definition of "immediate family".

ARTICLE 14 – RETIREMENT

Tier I. The City maintains the 2% @ 55 PERS contract with "one year final compensation" for current management employees; for Police Chief, the rate is 3% @ 50 and 3% at 55 for the Fire Chief. The City will pay the employee's 7% (9% for safety) contribution to PERS. The City shall report to P.E.R.S. the value of the 7% (9% for safety) employer paid member contribution (EPMC) pursuant to the authority of Government Code section 20023(c)(4).

Tier II. For new employees, the City will offer the PERS retirement formula known as 2% @ 60 with retirement benefits being calculated on one year final compensation. This will become effective once a new contract with PERS is signed. The City will provide the Police and Fire Chiefs with 2% @ 50.

Tier III. Employees hired on or after January 1, 2013, shall be subject to the Public Employee Pension Reform Act, ("PEPRA"; Assembly Bill 340) including but not limited to:

1. 2% at 62 retirement formula for those who are "new members" as that term is defined in AB 340.
2. Such new members shall pay to PERS by payroll deduction 50% of the "normal cost" as defined in AB 340 or the then current contribution rate of similarly situated employees, whichever is greater, as required by new Government Code section 7522.30(c).

Each employee in the bargaining unit shall pay the full seven percent (7%) PERS member contribution by payroll deduction as follows:

1. Effective January 1, 2013, by 2.5%
2. Effective July 1, 2013, an additional 2.5% for a total of 5%.
3. Effective July 1, 2014, an additional 2% for a total of 7%.
4. The City shall adopt the necessary resolution so that such payments made by the employees may be excluded from taxable income pursuant to section 414(h)(2) of the U.S. Internal Revenue Code.

ARTICLE 15 – VEHICLE ALLOWANCE

Management employees shall receive a vehicle allowance in the amount of four hundred fifty (\$450.00) per month. The Police and Fire Chiefs each have the option of having a city-owned vehicle assigned to them for their use in lieu of receiving the monthly allowance stated above.

1. There shall be no Vehicle Allowance for employees hired after January 1, 2013.

ARTICLE 16 – UNIFORM ALLOWANCE

The Police Chief and Fire Chief shall be compensated the same uniform allowance as the next subordinate rank in their respective Department.

ARTICLE 17 – INSURANCE

- A. The City will have full responsibility for all Health and Welfare programs enacted and/or in force as of July 1, 1989. Current Health, Dental, Long Term Disability, Life Insurance, Vision Program, Mental health, or their equivalent to remain in force.
- B. The City will pay for employees' Short term Disability, Long Term Disability, Life Insurance, and full family coverage of dental and vision care.
- C. Each employee shall receive the amount of seven hundred (\$700.00) per month for the purchase of medical insurance.
- D. Any portion of the City's premiums for the full coverage plan which includes the employee and dependents, or a stated cash amount, plus family where applicable, that is unused will be included as a cash payment for each of the twenty-four pay periods during the year.
- E. An employee utilizing the Long Term Disability Plan shall not accrue vacation, Sick Leave, holiday pay and allowances after the 90th day of disability.

ARTICLE 18 – LIFE INSURANCE

City shall provide term life insurance for all employees covered by this Agreement in an amount equal to twice the individual's annual salary to a maximum of \$200,000.

ARTICLE 19 – CONTINUATION OF MEDICAL PREMIUM UPON RETIREMENT

Employees shall be eligible, upon retirement from the City, for a Medical Premium Supplement. Said supplement shall be in the following amount:

1. For retirement at age fifty-five (55) with a minimum of ten (10) years continuous service with the City, a sixty dollar (\$60.00) per month (or cost of policy, whichever is less) insurance supplement.
2. For retirement with a minimum of twenty (20) years continuous service the City shall pay the cost of the retiree's health insurance for the employee only effective July 1, 1999.
3. Said supplement shall commence with the first month following the employee's retirement in which the employee is responsible for payment of the insurance premium.
4. In order to be eligible for medical supplemental payments, an employee must either remain on a medical insurance plan offered by the City or provide proof of coverage on a self-procured medical insurance plan.
5. Retirees who are eligible for a stipend but who are not covered on the City policy are still eligible to receive their stipend. Payments will only be made when the retiree provides proof of coverage of insurance and proof of the amount paid for said coverage. The amount paid to the retiree will be either the amount paid for coverage or the stipend amount allowed by the MOU.
6. Any employee receiving a benefit under this section agrees to apply for, and enroll in, any Federal and/or State medical insurance plan (e.g. MediCare, Medicaid) for which they become eligible.

ARTICLE 20 – ANNUAL PHYSICAL EXAMINATION

- A. All employees covered by this Agreement shall be provided with a complete physical medical examination at the doctor or Medical Facility of the City's choice, or have the option of utilizing The Westchester Medical Group, Center for Heart and Health at the City's expense.
- B. The annual examination is to include at least the following: review of medical history; urinalysis; VDRL; x-rays, (chest PA, lumbar spine and cervical); blood groupings; EKG; lipid analysis CBC panel 17, thyroid function, pap smear, or prostrate exam as appropriate, blood test and mammogram.

- C. Employees who choose to have a physical exam from their primary physician may use the funds allocated for additional health screening services, or the exam itself if not covered under their health insurance plan.

ARTICLE 21 – LIABILITY INSURANCE

Except as provided in Government Code Section 995.2, CITY shall provide a defense including but not limited to legal counsel in: a) any civil action or proceeding described in Govt. Code Section 995; b) any administrative action or proceeding described in Section 995.6; or any criminal action or proceeding described in Govt. Code Section 995.8. "Proceeding" as used in this section is applicable to situations where a claim or action is threatened, but not filed, if a reasonable, prudent person would consult or retain counsel in response to the possibility of actual civil, administrative, or criminal action. If CITY pays for a defense, but a court or tribunal issues a final ruling that would, under Section 995.2, preclude CITY payments for defense, employee shall immediately reimburse CITY, and if he/she fails to do so, CITY may offset any such amounts against compensation otherwise due employee under this Agreement.

ARTICLE 22 – JURY DUTY

The City will provide paid jury duty leave in accordance with Administrative Policy P15.

ARTICLE 23 – MILITARY LEAVE

All employees covered by this Agreement shall be entitled to Military Leave as afforded by Federal and State law but shall not receive any base salary pay while on such Leave.

ARTICLE 24 – ORGANIZATIONAL DEVELOPMENT AND MANAGEMENT TRAINING

\$3,500.00 shall be budgeted each year for group training purposes. A committee comprised of the City Manager and two management employees shall select and schedule training programs for participation of employees covered by this Agreement.

ARTICLE 25 – CIVIL SERVICE STATUS

Employees hired prior to November, 1995 shall retain their status as civil service employees.

ARTICLE 26 – GRIEVANCE PROCEDURE

- A. This grievance procedure shall be used to resolve disputes arising from any allegation by management employees that the City has violated the terms of this Resolution.
- B. The complaint shall be presented in writing to the City Manager. The City Manager shall have five (5) working days of receipt of the complaint to resolve the issue or respond to it in writing stating the reasons for the failure to resolve it. This exhausts all administrative remedies.

ARTICLE 27 – NON-DISCRIMINATION, EQUAL OPPORTUNITY, AFFIRMATIVE ACTION

- A. The City and its Management Employees agree that both parties have a crucial role in the development and implementation of equal employment opportunities. Both parties mutually accept responsibility for carrying out these provisions.

- B. The parties agree to cooperate actively and positively in supporting the concept for all employees and to seek and achieve the highest potential and productivity in employment situations. The City and its Management Employees agree to provide encouragement, assistance, and appropriate training opportunities so that all employees may utilize their abilities to the fullest extent.

IN WITNESS WHEREOF, the parties hereto cause this Agreement to be executed the 23rd day of November, 2015.

HERMOSA BEACH MANAGEMENT GROUP

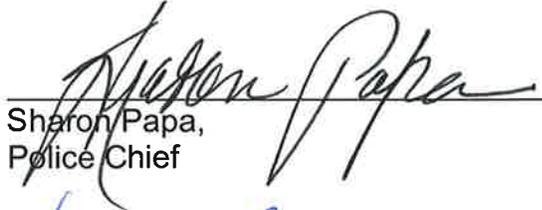
CITY OF HERMOSA BEACH



Viki Copeland,
Finance Director



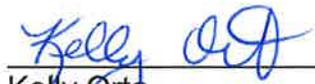
Thomas Bakaly, City Manager



Sharon Papa,
Police Chief



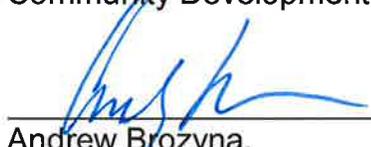
Vanessa Godinez,
Human Resources Manager



Kelly Orta,
Community Resources Manager



Ken Robertson,
Community Development Director



Andrew Brozyna,
Public Works Director