



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

December 7, 2010

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF AMENDMENTS TO THE FRINGE BENEFITS MEMORANDA OF UNDERSTANDING FOR THE COALITION OF COUNTY UNIONS AND SEIU, LOCAL 721, RELATING TO CHANGES FOR REPRESENTED AND NON-REPRESENTED FLEX AND MEGAFLEX EMPLOYEES, AND APPROVAL OF THE ORDINANCE AMENDING THE DEFERRED COMPENSATION AND THRIFT PLAN ("HORIZONS") AND THE 401(K) SAVINGS PLAN.  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

This letter and the accompanying ordinance extend the terms and provisions of the Fringe Benefits Memoranda of Understanding for the Coalition of County Unions and SEIU, Local 721, and make technical changes in County pay policy necessary to reduce the County contribution to the County's Deferred Compensation and Thrift Plan ("Horizons"), and the 401(k) Savings Plan, in Fiscal Years 2010-11 and 2011-12.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve changes to the County's Deferred Compensation & Thrift Plan ("Horizons"), and the 401(k) Savings Plan, to reduce the County contribution and cap the annual expenditures for these plans for Fiscal Years 2010-11 and 2011-12, and adopt the accompanying ordinance amending Title 5, Personnel, of the Los Angeles County Code codifying such changes.

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

9 DECEMBER 7, 2010

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

*"To Enrich Lives Through Effective And Caring Service"*

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Intra-County Correspondence Sent Electronically Only*

2. Approve Amendment No. 1 to the Fringe Benefits Memorandum of Understanding (MOU) with the Coalition of County Unions, which has been approved by the Coalition, and approve Amendment No. 1 to the Fringe Benefits MOU with SEIU, Local 721, subject to the November 30, 2010, ratification. Approval of these Amendments will extend the terms of each agreement and reduce the County contributions toward the Horizons and Savings Plans.
3. Instruct County Counsel to review and approve as to form, and instruct the Mayor to sign an amendment to the contract with Great-West Life & Annuity Insurance Company, Contract No. 76808, increasing the contract sum on a one-time-only basis by an amount not to exceed \$360,000.
4. Approve an increase in maximum permissible expenditures of not more than \$30,000 through December 31, 2011, under the existing contract with Affiliated Computer Services, Inc. (ACS) and Buck Consultants, LLC, for additional administrative and record keeping services related to the County's various cafeteria and other fringe benefit plans; instruct County Counsel to prepare the necessary amendment to the contract with ACS and Buck Consultants; and instruct the Mayor to sign the amendment.
5. Instruct the Auditor-Controller to make payroll system changes necessary to implement the recommendations contained herein.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Due to a Net County Cost (NCC) gap of over \$500.0 million, the County adopted its Final Budget in September 2010 with a labor-management savings placeholder amount of \$51.0 million. At the time the Final Budget was adopted, we advised your Board that we were still working with the unions to identify solutions to close this remaining gap.

Since then, the Chief Executive Officer (CEO) has met with labor union representatives to discuss mutually acceptable methods of closing the \$51.0 million NCC gap. Our office and the unions have reached a tentative agreement to extend the terms and provisions of Fringe Benefits MOUs; to accept reductions in the County contribution to deferred compensation savings plans; and accept a modest adjustment in the County's contribution to cafeteria plan benefits for Plan Year 2012. Similar reductions will take effect for non-represented employees.

### **Fringe Benefit Amendments**

The Amendment, which extends the provisions of the Fringe Benefits MOU for one (1) year for the Coalition of County Unions, was approved by the Coalition. We also have reached a tentative agreement with SEIU, Local 721, to extend the provisions of the SEIU Fringe Benefit MOU for one (1) year, pending confirmation of the November 30, 2010, ratification. The amended Fringe Benefits Memoranda of Understanding extends the term and provisions of both of these agreements until September 30, 2012.

These amendments provide for a temporary decrease in County matching contributions toward the Horizons Plan. The maximum contribution the County will make toward represented employees' contributions will be \$61 million in FY 2010-11, and \$56 million in FY 2011-12. For FY 2011-12, the County will reduce its dollar-for-dollar match from 4 percent of the employee's compensation up to a maximum of 2 percent of the employee's compensation. Beginning July 1, 2012, the cap on County matching contributions will return to \$112 million, and the dollar-for-dollar match will return to 4 percent of the employee's compensation.

The Fringe Benefit Amendments provide for an increase of 7.2 percent in 2012 in the County's contribution towards cafeteria plan benefits under the "Options" and "Choices" plans. This increase helps defray the added costs of medical insurance for represented employees for Plan Year 2012.

### **Flex and MegaFlex Employee Changes**

In addition to the temporary decrease in County contributions on behalf of represented employees who participate in "Options" and "Choices" plans, the County will also reduce its contributions for Flex and Megaflex participants (both represented and non-represented) toward the County's Deferred Compensation & Thrift Plan ("Horizons"), and 401(k) Savings Plan. The County's contribution will cease for both plans on January 1, 2011, and the suspension will continue through June 30, 2011. The County will resume its contribution effective July 1, 2011, for both Horizons Plan and Savings Plan participants; however, the maximum dollar-for-dollar match will be reduced from 4 percent to 3 percent, and the maximum contribution the County will make toward Flex and Megaflex participants' contributions will be \$56.8 million for FY 2011-12. Beginning July 1, 2012, the dollar-for-dollar match will return to 4 percent of the Flex and Megaflex participants' compensation for both plans.

Considering the Fringe Benefit Agreements for the Coalition of County Unions and SEIU, Local 721, provide for an increase in cafeteria plan contributions for represented

employees, it is appropriate to extend comparable adjustments to non-represented employees. We are recommending that this be accomplished by reducing the amount paid by Flex and MegaFlex covered employees by 7.2 percent of the Plan Year 2012 medical premiums.

### **Implementation of Strategic Plan Goals**

The actions recommended in this letter promote workforce excellence by resolving workplace issues while maintaining fiscal integrity and financial responsibility.

### **FISCAL IMPACT**

For FY 2010-11, we estimate that the recommended actions will allow the County to reduce the budget for deferred compensation plans by \$103.9 million, which results in an estimated NCC savings of \$49.9 million.

For FY 2011-12, we estimate the deferred compensation budgetary savings will be slightly less at \$92.7 million with a NCC savings of \$44.5 million. These savings from the reduced deferred compensation match will help offset a 7.2 percent increase in the County's contribution to cafeteria plan benefits for Plan Year 2012. This increase in cafeteria plan benefits is estimated to be \$71.4 million, with a NCC impact of \$33.7 million.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Horizons, Savings Plan, and Pension Savings Plan are tax-favored defined contribution plans that must comply with existing tax law and regulatory requirements. County Code Sections 5.25 and 5.26 serve as the federally required plan document for the Horizons and Savings Plans, and must be amended when necessary to document any changes to these plans.

The Coalition of County Unions and SEIU, Local 721, have agreed to the changes to the Plan documents and express no opposition. The Coalition has agreed to the term extension to their Fringe Benefits MOU. SEIU, Local 721, has agreed to the term extension to their Fringe Benefits MOU pending ratification.

County Counsel has reviewed the accompanying ordinance as to form.

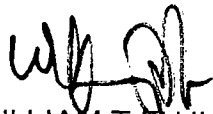
**IMPACT ON CURRENT SERVICES**

None.

**CONCLUSION**

The MOUs and ordinance have been approved as to form by the County Counsel.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:JA  
DLW:MTK:mlj

Attachments

- c: Executive Office, Board of Supervisors
- County Counsel
- Auditor-Controller
- Human Resources
- Horizons Plan Administrative Committee
- Savings Plan Administrative Committee
- SEIU Local 721
- Coalition of County Unions

**CONTRACT BETWEEN  
COUNTY OF LOS ANGELES  
AND  
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY  
FOR  
THIRD PARTY ADMINISTRATIVE SERVICES  
(Contract No. 76808)**

**AMENDMENT NO. 2**

WHEREAS, on November 20, 2008, the County of Los Angeles, hereinafter referred to as the "COUNTY," entered into a contract with Great-West Life & Annuity Insurance Company, hereinafter referred to as the "CONTRACTOR," for defined contribution plan services; and

WHEREAS, on December 7, 2010, the COUNTY Board of Supervisors amended County Code, Title 5 - Personnel, to change the matching contributions of the defined contribution plans; and

WHEREAS, Section 8.4.2, "Amendments" of the aforementioned contract requires that revisions, which affect the Contract Sum, be prepared and executed by the CONTRACTOR and by the COUNTY Board of Supervisors; and

NOW, THEREFORE, it is agreed between the parties that the contract shall be amended as follows:

1. **EXHIBIT B, PRICING SCHEDULE, shall be amended to add Attachment 2, SPECIAL SERVICES FOR ONE-TIME MATCH REDUCTION MAILING PROJECT.**
2. **Except as modified by this Amendment No. 2, all terms and conditions of the contract shall remain in full force and effect.**

IN WITNESS WHEREOF, the County of Los Angeles and Great-West Life & Annuity Insurance Company have each caused this Amendment No. 2 to be executed by its duly authorized officer as of the date first above written.

GREAT-WEST LIFE  
& ANNUITY INSURANCE COMPANY

COUNTY OF LOS ANGELES



By Gregory E. Seller  
(Name)  
Senior Vice President, Government Markets  
(Title)



By MIKE ANTONOVICH  
Mayor, Board of Supervisors

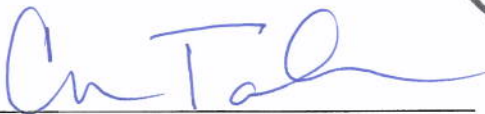
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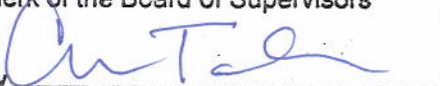
SACHI HAMAI  
Executive Officer  
Board of Supervisors



I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

SACHI A. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

By   
Deputy

By   
Deputy

FEB 10 2011

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN  
County Counsel

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

By   
Principal Deputy County Counsel

9

DEC 7 2010

  
SACHI A. HAMAI  
EXECUTIVE OFFICER

76808 SUPPLEMENT 2

**ATTACHMENT 2**

<b>PRICING SCHEDULE</b>	
<b>SPECIAL SERVICES FOR ONE-TIME MATCH REDUCTION MAILING (NOT TO EXCEED \$360,000)</b>	
<b>Mailing</b>	
1. Marketing specialist time for coordination of project	\$ 2,750.00
2. Mail 3-page black and white communication to 100,000 participants, including postage (bulk postage rate of .382 per letter), printing of letter & envelope and collation.	\$ 59,299.55
<b>Client Service</b>	
Services of full-time temporary employees for 13 weeks at \$850 / week	\$ 221,500.00
Hiring, background checks and 2 weeks of training of temporary staff	\$ 16,000.00
<b>Local Office Temporary Staff</b>	
Services of full-time temporary employee at \$23/hour for 8 weeks, plus computer, network and telephone	\$ 9,600.00
<b>Systems Programming</b>	
1. Programming for additional deduction codes on incoming and outgoing ENRL File, including cost for re-prioritization of other systems projects	\$ 43,000.00
2. Programming to extract mailing label files	\$ 4,000.00
<b>Total Costs</b>	<b>\$356,149.55</b>



AMENDMENT NO. 1  
MEMORANDUM OF UNDERSTANDING  
FOR SUBMISSION  
TO BOARD OF SUPERVISORS  
REGARDING  
FRINGE BENEFITS

THIS MEMORANDUM OF UNDERSTANDING, made and entered into this 7<sup>th</sup> day of  
December, 2010,

BY AND BETWEEN

Authorized Management Representatives  
(hereinafter referred to as ("Management")) of  
the County of Los Angeles (hereinafter  
referred to as "County")

AND

THE COALITION OF COUNTY UNIONS,  
AFL-CIO (hereinafter referred to as  
"Coalition")

WHEREAS, on the 15<sup>th</sup> Day of December, 2009, the parties entered into a  
Memorandum of Understanding regarding Fringe Benefits, which MOU was  
subsequently approved and ordered implemented by the County's Board of  
Supervisors; and

WHEREAS, as a result of mutual agreement, the parties desire to Amend the Articles as set forth hereafter;

NOW, THEREFORE, the parties agree as follows:

1. Amend Article 3 – Term to reflect an extension of the Term of the MOU for one (1) year until September 30, 2012, as appended hereto.
2. Amend Article 4 – Renegotiation to reflect revisions necessary to correspond to an extension of the Term on the MOU as appended hereto.
3. Amend Article 8 – The Choices Plan, Section 1 to reflect revisions necessary to correspond to an extension of the Term of the MOU as appended hereto.
4. Amend Article 12 – Sick Leave, Section 2 to reflect revisions in the dates necessary to correspond to an extension of the Term of the MOU, and to continue to provide sick leave buy back provisions in year 2012 as appended hereto.
5. Amend Article 18 – Deferred Compensation and Thrift Plan, Section 2 (C) to reflect negotiated County savings concept change to the County

matching contribution from 4% to 2% during period of July 1, 2011, through June 30, 2012, as appended hereto.

Section 2 (F) to reflect negotiated cap not to exceed \$56 million during period July 1, 2011, through June 30, 2012, as appended hereto.

6. Amend Article 28 – Paid Leave for Temporary Employees, to reflect revisions in the dates necessary to correspond to an extension of the Term of the MOU as appended hereto.

7. Amend Attachment A – The Choices Plan

Section 2 – Delta Dental Subsidy, to reflect County monthly contributions for Delta Dental insurance participants for plan year 2012 to correspond to an extension of the Term of the MOU as appended hereto.

Section 6(b) – Dependent Care Spending Account, to reflect revisions in the dates necessary to correspond to an extension of the Term of the MOU as appended hereto.

Section 7 – Contributions, to reflect County monthly contributions for health insurance coverage in plan year 2012 to correspond to an extension of the Term of the MOU, as appended hereto.

Section 7 – Maintenance of Benefits, to reflect revisions necessary to correspond to an extension of the Term of the MOU as appended hereto.

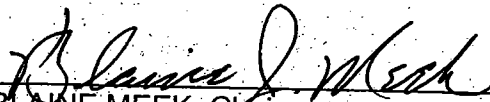
8. Amend Attachment B – Health Insurance for Temporary and Recurrent Employees, Section 1, to reflect County monthly contributions for health insurance temporary and recurrent employees in plan year 2012 to correspond to an extension of the Term of the MOU as appended hereto.

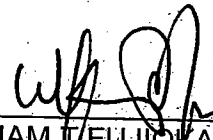
This Amendment No. 1 to said Memorandum of Understanding constitutes a mutual recommendation to be jointly submitted to the County's Board of Supervisors and this Amendment No. 1 will be effective when and if approved by said Board of Supervisors in the same manner provided in Article 2, which was applicable to the implementation of the original Memorandum of Understanding.


IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Memorandum of Understanding the day, month, and year first above written.


AUTHORIZED  
COALITION OF COUNTY UNIONS  
REPRESENTATIVE

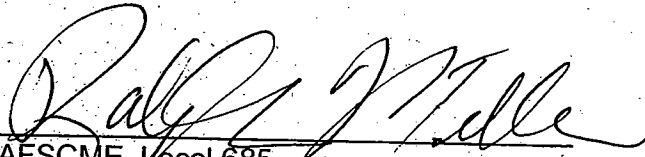
COUNTY OF LOS ANGELES  
MANAGEMENT AFL-CIO

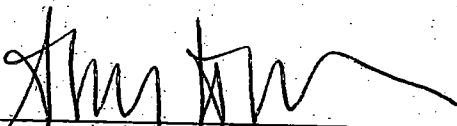
By   
BLAINE MEEK, Chairman,  
Coalition of County Unions

By   
WILLIAM FUJITAKA  
Chief Executive Officer

By   
IUOE, Local 501

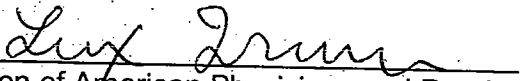
By   
AFSCME, Council 36

By   
AFSCME, Local 685

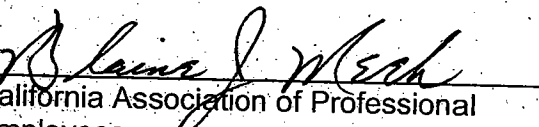
By   
Committee of Interns and Residents


TO BE JOINTLY SUBMITTED TO COUNTY'S BOARD OF SUPERVISORS

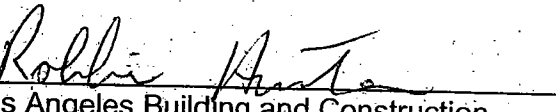
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COALITION OF COUNTY UNIONS AFL-CIO

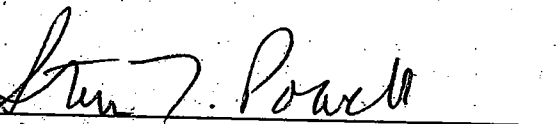
By   
Union of American Physicians and Dentists

By   
Los Angeles County Fire Fighters, Local 1014

By   
California Association of Professional  
Employees

By   
Association for Los Angeles Deputy Sheriffs.

By   
Los Angeles Building and Construction  
Trades Council

By   
Los Angeles County Lifeguard Association

TO BE JOINTLY SUBMITTED TO COUNTY'S BOARD OF SUPERVISORS

ARTICLE 3      TERM

The term of this Memorandum of Understanding shall commence on the date when the terms and conditions for its effectiveness, as set forth in Article 2, Implementation, are fully met, but in no event shall said Memorandum of Understanding become effective prior to 12:01 a.m. on January 1, 2011. This Memorandum of Understanding shall expire and otherwise be fully terminated at 12:00 midnight on September 30, 2012.

ARTICLE 4            RENEGOTIATION

In the event either party hereto desires to negotiate a successor Memorandum of Understanding, such party shall serve upon the other during the period from May 15, 2012, through May 31, 2012, its written request to commence negotiations.

Upon receipt of proposals, negotiations shall begin no later than June 15, 2012.



ARTICLE 8.            THE CHOICES PLAN

Section 1.

The parties agree to recommend jointly to the County's Board of Supervisors for adoption and implementation by amendment to the County Code that the Choices Plan be continued during the period January 1, 2009, through December 31, 2012, as set forth in Attachment A.

Section 2.

The parties further agree to recommend jointly to the County's Board of Supervisors for adoption and implementation by amendment to the County Code that the County contribution toward health insurance for certain temporary and recurrent employees who are not eligible for the Choices Plan be continued during the period January 1, 2009, through December 31, 2012, as set forth in Attachment B.

Section 3.

The Labor and Management Committee which jointly administers the benefits provided to employees through the Choices Benefit Plan (Plan) shall be known as the Employee Benefits Administration Committee (Committee).

The Employee Benefits Administration Committee shall be comprised of five Labor Representatives designated by the Coalition of County Unions and five Management Representatives designated by the Chief Executive Officer.

The Committee shall have the authority, subject to CEO and Board of Supervisors approval when required, to:

- a) Develop its own internal procedures, including the scheduling of meetings and reports of contacts with insurance carriers.
- b) Negotiate with carriers of County-sponsored Choices insurance plans regarding premium rates and benefit plan design for all benefits provided to employees under the Choices Plan. In addition, during 1999, the parties agree that EBAC will develop strategies to mitigate future health insurance premium increases.
- c) Review utilization and claims experience of all County-sponsored Choices benefit plans, which may require access to all relevant reports, and face to face discussions with both providers and the appropriate agencies. This does not preclude the Committee from requesting similar information for other plans.
- d) Engage its own consultant. If it does, the cost of such consultant shall be negotiated by the County and the Coalition.
- e) Recommend to the CEO which County-sponsored benefit options, plans, and plan carriers will be offered through the Choices plan.

Members may use their individual resources to analyze, research, and develop recommendations to the Committee regarding new benefit plan options.

EBAC shall develop and have responsibility for administering a communications program to educate employees about utilization of the County-sponsored health plans.

#### Retiree Health Committee

Thirty days following Board approval of the Coalition of County Union's Fringe Benefit MOU, EBAC will meet to develop and make joint labor-management advisory recommendations to mitigate and control the cost of future retiree health insurance. The recommendations shall be submitted to the CEO no later than July 1, 2007. The CEO shall review the Committee's recommendations and prepare an analysis and report to the Board of Supervisors for review and consideration.

Coalition of County Unions (CCU) reserves its right to negotiate with the County any Retiree Health recommendations that affect wages, hours, and other terms and conditions of employment.

#### Plan Design Changes

The parties further agree to meet during 2007 to develop additional plan design changes for Kaiser and Cigna for plan years 2008 and 2009. If the parties cannot reach

agreement by July 1, 2007, for plan 2008, or July 1, 2008, for plan year 2009, default minimum plan design changes equivalent to other represented County-sponsored health plans shall be implemented for 2008 and 2009.

The Coalition of County Unions and the County adopts and incorporates by reference herein the Cost Mitigation Goals and Objectives dated December 14, 2006.

EBAC shall use the Cost Mitigation Goals and Objectives as a guideline in the development and design of benefit plans.

ARTICLE 12. SICK LEAVESection 1.

The parties acknowledge that the following modifications to the County's full-pay sick leave program were agreed to in the 1985-87 Fringe Benefit Memorandum of Understanding between the Coalition and the County, and the parties agree that said modifications shall be continued during the term of this Memorandum of Understanding.

- a) Employees Hired Prior to July 1, 1986: Employees hired prior to July 1, 1986, who are otherwise eligible to earn sick leave benefits shall earn and accrue full-pay sick leave in accordance with the following:
  - 1) Effective January 1, 1986, each eligible employee with less than 12 months aggregate service shall earn one day of full-pay sick leave for each 30 cumulative days of "active service" commencing from the date of hire, provided, however, that such leave shall not be credited to the books until the first day of the month following the completion of said active service. "Active service" shall mean (i) compensated service arising from continuous active on-the-job performance of an employee's assigned duties, and/or (ii) any authorized paid leave of absence. In no event shall active service include any period during which an employee is receiving

only those benefits authorized by the Workers' Compensation Laws of the State of California unless such benefits are authorized by Section 4850 of the California Labor Code.

- b) On the first of January following the completion of 12 months of continuous service, each eligible employee shall be credited with full-pay sick leave in accordance with the following table:

Number of Calendar Days of Active Service Required		
<u>Sick Leave Days Earned</u>	<u>Full-Pay Monthly Employees</u>	<u>Daily Employees</u>
1	30	21
2	60	42
3	90	64
4	120	85
5	150	107
6	180	128
7	210	150
8	240	171
9	270	192
10	300	214
11	330	235
12	358	255

The provisions of this subparagraph (2) shall (i) apply in lieu of the provisions of subparagraph (1) for employees with the requisite service, and (ii) apply to all full-pay sick leave that is earned and accrued on or after January 1, 1987, by such employees, including full-pay sick leave, that would otherwise have been earned and credited to the books on January 1, 1987, on the basis of qualifying service performed in calendar year 1986.

- c) Employees hired on or after July 1, 1986: Employees hired on or after July 1, 1986, who are otherwise eligible to earn sick leave benefits shall earn and accrue full-pay sick leave in accordance with the following:
- 1) Subject to the limitations set forth in subparagraph (2) below, each eligible employee shall earn and accrue one day of full-pay sick leave for each calendar month in which he/she completes at least 16 days of active service (or 11 days of active service in the case of daily employees). Each day of earned full-pay sick leave shall be credited to the books on the first day of the calendar month following the month in which it was earned.
  - 2) A sick leave anniversary date shall be established for each employee based on his/her date of hire. This shall be accomplished in identical fashion to the way each employee's vacation anniversary date is

established (i.e.; anniversary date falls on the first day of the month of hire if employee is hired between the 1st and 15th of the month or on the first day of the month following hire if employee is hired between the 16th and the end of the month). During the 12-month period preceding each anniversary date, no employee shall earn full-pay sick leave in amounts that exceed the amounts shown in the following table:

<u>Sick Leave Anniversary Date</u>	<u>Maximum Number of Full-Pay Sick Leave Days That May Be Earned During Preceding 12 Months</u>
1st	10
2nd	11
3rd	11
4th	11
5th and beyond	12

## Section 2.

The parties further agree to recommend jointly to the County's Board of Supervisors for adoption and implementation through amendment to said County Code that during the term of this agreement only, full-time, permanent employees may be paid for unused full pay sick leave as follows:



- a) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from July 1, 2009, through December 31, 2009, and if, by December 31, 2009, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on December 31, 2009.
  
- b) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from January 1, 2010, through June 30, 2010, and if, by June 30, 2010, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on June 30, 2010.
  
- c) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from July 1, 2010, through December 31, 2010, and if, by December 31, 2010, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on December 31, 2010.

- d) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from January 1, 2011, through June 30, 2011, and if, by June 30, 2011, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on June 30, 2011.
- e) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from July 1, 2011, through December 31, 2011, and if, by December 31, 2011, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on December 31, 2011.

Further, an employee who elects to receive payment for unused sick leave as provided in this Article, shall make his/her election known in a manner prescribed by management within one month following the date said employee qualifies for said payment.

- f) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from January 1, 2012, through June 30, 2012, and if by June 30, 2012, he/she had

completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on June 30, 2012.

- g) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from July 1, 2012, through December 31, 2012, and if, by December 31, 2012, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on December 31, 2012.

### Section 3.

For purposes of this Article, a day of full-pay sick leave shall be defined as:

- a) Eight (8) hours for persons employed on a forty (40) hour per week basis.
- b) A pro rata portion of eight (8) hours in the case of one-half time or more permanent employees.
- c) Twelve (12) hours for persons employed on a fifty-six (56) hour per week basis in the Probation Department, the Fire Protection Districts, and the Forester & Fire Warden's Department.

- d) Eleven (11) hours for all other persons employed on a fifty-six (56) hour per week basis.

Section 4.

The parties further agree to recommend to the County's Board of Supervisors that Section 6.20.040 of the County Code shall continue to provide part pay sick leave benefits based on length of service. Such benefits shall be at the rate of 65% and 50% pay and shall be available for use subject to the conditions and limitations set forth in said County Code.

Section 5.

Notwithstanding Sections 1 and 2 of the Article, the parties agree that any person employed on a daily recurrent basis as an Ocean Lifeguard (Item No. 2923E), or on an hourly recurrent basis as a Lake Lifeguard, Parks and Recreation (Item No. 2948H), or Senior Lake Lifeguard, Parks and Recreation (Item No. 2949H), shall earn and accrue full-pay sick leave at the rate of one day (8 hours) of full-pay sick leave for each 22 days (176 hours) of cumulative active service rendered on or after July 1, 1981, in the case of Ocean Lifeguards, and July 1, 1985, in the case of Lake Lifeguards, Parks and Recreation, and July 1, 1987, in the case of Senior Lake Lifeguards, Parks and Recreation. The parties further agree that any such person who is reinstated pursuant to Civil Service Rules following a release from recurrent status shall be entitled to have

restored to him/her any previously earned and unused full-pay sick leave; provided, however, that such leave shall otherwise be deemed available for use in accordance with the same conditions and limitations that affect full-pay sick leave benefits earned and accrued by other eligible employees.

#### Section 6.

Notwithstanding the provisions of Section 1 above, the parties agree that on the effective dates listed below, full pay sick leave shall be earned on accrued as follows:

Employees hired prior to July 1, 1986, shall, effective January 1, 1994, earn 0.050 of an hour of full pay sick leave (0.075 of an hour for employees working a 56 hour shift) for each qualifying hour of service during a pay period. Qualifying hours include all active service hours, but do not include regular days off or overtime. Full pay sick leave earned is available for use on the first day of the subsequent pay period. There is no change to the maximum number of days of full pay sick leave that may be earned each calendar year. Employees will no longer receive a lump of sick leave on January 1 of each calendar year.

Such employees will receive, on January 1, 1994, a number of days of special usage only sick leave on a one-time only basis. This number of days is equal to such employees' annual maximum number of full pay sick leave days. This special sick leave

can be used only after all other full pay sick leave subject to 50% payoff at termination is used (sick Leave earned on or after January 1, 1971), but may be used before full pay sick leave subject to 100% payoff is used (sick leave earned prior to January 1, 1971). This special sick leave is not paid off at termination. Upon termination, an employee who otherwise qualifies for payoff of unused full pay sick leave is, in addition to all previously accrued and unused full pay sick leave, paid off for 50% of his or her current annual maximum number of sick leave days less any full pay sick leave taken in the year of termination.

Employees hired on or after July 1, 1986, shall, effective upon the implementation of phase 2 of the County-wide Timekeeping and Payroll-Personnel System (CWTAPPS), earn 0.050 of an hour (0.075 of an hour for employees working a 56 hour shift) for each qualifying hour of service worked during a pay period. Full pay sick leave earned is available for use on the first day of the subsequent pay period. There is no change to the maximum number of days of full pay sick leave that may be earned each calendar year.

#### Section 7. Personal Leave

Beginning January 1, 2007, employees may use up to 96 (ninety-six) working hours (up to 144 working hours for those employees employed on a 56-hour workweek) of accrued full-pay sick leave in any one calendar year for personal reasons pursuant to County Code Section 6.20.030 A(2).

It is understood and mutually agreed that all employees covered by this MOU shall be entitled to use all Sick Personal days provided for herein.

ARTICLE 18.        DEFERRED COMPENSATION AND THRIFT PLAN

Section 1.

The parties have mutually agreed to the provisions of the Deferred Compensation and Thrift Plan ("Plan"), also known as Horizons, which is fully set forth in Chapter 5.25 of the County of Los Angeles Code as it was restated on August 19, 2003. With respect to employees covered by this Memorandum of Understanding, the Plan provides benefits mutually agreed upon by the parties. The parties intend that Horizons shall operate as an eligible deferred compensation plan pursuant to Section 457 of the Internal Revenue Code and other applicable laws.

Section 2.

The parties further agree on the following matters which provide operational details concerning Plan operation, or are related to the Plan but are outside the scope of its provisions:

- A. The provisions of Chapter 5.25 are not subject to the Grievance Procedure set forth in Article 26 of this MOU,
- B. The monthly matching contributions provided in Section 5.25.050 of the Plan, beginning on January 1, 2001, shall be dollar-for-dollar to a maximum of 4% of the participant's compensation, as defined in the Plan.



- C. During the period July 1, 2011, through June 30, 2012, the County's matching contribution shall be dollar-for-dollar to a maximum of 2% of the participant's compensation, as defined in the Plan.
- D. Beginning on July 1, 2012, and continuing thereafter, the County's matching contributions shall be dollar-for-dollar to a maximum of 4% of the participant's compensation, as defined in the Plan.
- E. As set forth in Section 5.25.050 of the Plan, this Memorandum of Understanding provides for a dollar cap on matching County contributions and said cap establishes an annual expenditure limit that operates on a July 1 to June 30 cycle as set forth below:
- F. The General County plus special fund and special district contributions provided by the Plan for represented employees shall not exceed \$61 million during the period July 1, 2010, through June 30, 2011, and \$56 million during the period July 1, 2011, through June 30, 2012. Any unspent monies will be carried over to the next fiscal year.
- G. On July 1, 2012, through June 30, 2013, the General County plus special fund and special district contributions provided by the Plan for represented employees

shall not exceed \$112 million, and shall continue at this amount through succeeding July 1 and June periods, or until amended by the parties. Any unspent monies will be carried over to the next fiscal year.

- H. To the extent that employees represented Coalition of County Unions are impacted, the termination of the Horizons Plan or the amendment of any Plan provisions that are subject to negotiation shall be negotiated between the parties.
- I. In the event that the County is mandated by Federal or State law to re-enter the Social Security system during the term of the current Fringe Benefits Memorandum of Understanding, at the request of either party, the parties agree to open negotiations within 45 days of such request regarding the impact of such mandate on the matching contributions of the employees represented by Coalition of County Unions be covered by Social Security.
- J. In the event that applicable law is changed to require the Plan be terminated or merged into another form of deferred compensation program during the term of the current Fringe Benefits Memorandum of Understanding, at the request of either party, the parties agree to open negotiations within 45 days of such request regarding the impact of such termination or merger on Plan participants who are Coalition of County Unions.

Section 3.

It is agreed between the parties that any conflict between this Article and the Horizons Plan provisions of the County Code be resolved in favor of the Memorandum of Understanding provisions.

ARTICLE 28. PAID LEAVE FOR TEMPORARY EMPLOYEES

The parties agree to recommend jointly to the County's Board of Supervisors for adoption and amendment to the County Code that hourly temporary employees shall be eligible to receive paid leave in accordance with the following provisions:

- 1) Eligibility: Except as otherwise provided in this Article, any temporary employee subject to this Memorandum of Understanding who is employed exclusively on a hourly as-needed ("F" item), or hourly recurrent ("H" item) basis during the calendar years 2009-2012 shall be eligible for paid leave pursuant to this Article.
- 2) Earning And Accrual Of Leave: An eligible employee shall earn paid leave to a maximum of 24 hours per calendar year based on the total number of days worked during the year of eligibility, as shown below. For this purpose at least one hour of work per day shall constitute one day of work.

<u>Minimum Number of Days Worked</u>	<u>Amount of Paid Leave</u>
60 days	8 hours
100 days	16 hours
140 days	24 hours

Paid leave as shown above shall be credited to the employee on January 1 following the year in which it was earned.

- 3) Use Of Leave: Paid leave, in increments of 8 hours only, may be taken off, subject to prior approval of Management, or paid for at the employee's request during the calendar year in which it was credited to the employee, and shall not be carried over to any subsequent year.
- 4) Pay For Unused Leave: Unused credited leave shall be paid for under any one or more of the following conditions:
- a. At the employee's request.
  - b. At the end of the calendar year in which it was credited to the employee.
  - c. At the employee's termination from County service.

Pay for unused leave shall be at the employee's work day rate in effect at the time of payment.

- 5) Exclusions: The provisions of this Article shall not apply to anyone employed on the following items:

<u>Item No.</u>	<u>Title</u>
2923E	Ocean Lifeguard
2948H	Lake Lifeguard, Parks and Recreation
2949H	Senior Lake Lifeguard, Parks and Recreation

The provisions of this Article do not apply to retirees of the County of Los Angeles.

## ATTACHMENT A

## SUMMARY DESCRIPTION OF THE CHOICES PLAN

The Choices Plan will be operated as a cafeteria benefit plan pursuant to Section 125 of the Internal Revenue Code.

PLAN YEAR

The Choices Plan became effective on July 1, 1989, pursuant to mutual agreement between the County and the Coalition. The Plan operates on a "Plan Year" basis as required by Section 125. The first Plan Year (hereinafter referred to as the "1989 Plan Year") consists of the six-month period spanning July 1, 1989, through December 31, 1989.

The second Plan Year (hereinafter referred to as the "1990 Plan Year") consists of the 12-month period spanning January 1, 1990, through December 31, 1990. The third Plan Year will be January 1, 1991, through December 31, 1991. It is the intent of the parties that all subsequent Plan Years and periods of coverage will consist of twelve (12) months, January 1 through December 31, of each year.

ELIGIBLE EMPLOYEES

Eligible employees will include all full-time permanent employees who are:

1. Represented by the Coalition;
2. Employees in bargaining units covered by the Coalition Fringe Benefit Memorandum of Understanding;
3. Non-represented employees who are ineligible to participate in the County's Flexible Benefit Plan for non-represented employees. For purposes of this Plan, "full-time permanent employee" means any employee appointed to an "A", "D", "M," or "N" item, as defined in Title 6 of the County Code. An eligible employee shall become a "Participant" in the Choices Plan upon meeting all of the requirements for participation set forth below.

#### HOW THE PLAN WORKS

It is the purpose of the Choices Plan to allow Participants to choose among the various benefits contained within the Plan in a manner that best meets their personal needs, and, further, to choose, to the maximum extent permitted by applicable law, between taxable and nontaxable compensation. The benefit options available, and various rules relating to those options are set forth below:

1. **HEALTH INSURANCE:** Participants may purchase one of the following County-sponsored, or County-approved union-sponsored, health insurance plans.

(Beginning plan year 2008, pediatric office/urgent care co-pays will be zero dollars (\$0) for children up to age five (5):

a. Kaiser Foundation Health Plan

Effective January 1, 2008, a \$10.00 mandatory office/urgent care co-pay, a \$10.00-generic/\$20.00-brand name prescription co-pay, and a \$50.00 emergency room co-pay for the Kaiser health plan.

b. Cigna Health Plans

Effective January 1, 2008, Choices will no longer offer Cigna's PPO as one of the Medical Plan selections.

Effective January 1, 2008, a mandatory \$10.00 office/urgent care co-pay and a \$10.00 generic/\$20.00 brand name prescription plan. Effective January 1, 2007, \$25.00 urgent care co-pay and a \$50.00 emergency room co-pay.

c. California Association of Professional Employees (CAPE) Health Plan.

d. Los Angeles County Fire Fighters Local 1014 Health and Welfare Plan.

e. Association for Los Angeles Deputy Sheriffs (ALADS) Health Plan.



Enrollment Rules:

- a. The two County-sponsored health insurance plans (Plans (a) and (b) above) will be fully open to all Participants and their dependents, with no evidence of insurability required. The premiums in effect on January 1 of each Plan Year for the County-sponsored health insurance plans will remain unchanged for the duration of that Plan Year unless mid-year premium increases are required due to imposition of state or federal taxes. The premiums for the County-approved union-sponsored health insurance plans may be adjusted during each Plan Year at the request of the sponsoring union, subject to approval by the County.
- b. The CAPE Health Plan will be available to all Choices Participants and their dependents, subject to evidence of insurability as required by CAPE.
- c. The Fire Fighters Plan is only available to Fire Fighter personnel who are members of Local 1014. It will be open to new hires (i.e.; Fire Fighter recruits still within their first 60 days of employment) and their dependents, and to veteran Local 1014 members and their dependents, with evidence of insurability as required by Local 1014.

- d. The ALADS Health Plan is only available to Peace Officers who are eligible to be members of ALADS and Lifeguards and any employee in a bargaining unit represented by PPOA, including #621 and #614. It will be fully open to members of those groups, and their dependents, with no evidence of insurability required.
  
- e. Every Participant in the Choices Plan must be enrolled in one of the above plans or certify that he/she has other health insurance coverage. Such certification must state the name of the other insurance plan, the name of the subscriber, and the Social Security number of the subscriber.

Effective January 1, 2011, in the event a participant fails to provide the required health insurance certification, they will be enrolled by default into a health insurance plan as follows:

- Participants represented by CAPE will be enrolled in the lowest cost CAPE health insurance plan subject to the terms of subsection b.
  
- Participants eligible for participation in the Local 1014 plan will be enrolled in the lowest cost Local 1014 health insurance plan subject to the terms of subsection c.

- Participants eligible for participation in the ALADS Health Plan will be enrolled in the lowest cost ALADS health insurance plan subject to the terms of subsection d.
- All other participants will be enrolled in the lowest cost County-sponsored Choices health insurance plan.

2. DENTAL INSURANCE: Choices Participants may purchase one of the following County-sponsored dental plans:

- a. Delta Dental
- b. DELTACare
- c. Safeguard Dental Plan

Enrollment rules: All three dental plans will be fully open to all Participants. As with health insurance, every Participant must be enrolled in one of the above dental plans or certify that he/she has other dental coverage. Such certification shall require the name of the dental plan, the name of the subscriber and the Social Security number of the subscriber. The premiums in effect on January 1 of each Plan Year for the dental plans will remain unchanged for the duration of each Plan Year, unless mid-year adjustments are required due to imposition of state or federal taxes, or unless adjustments are otherwise agreed to by the County and Coalition.

Beginning January 1, 2007, the premiums for these plans will be on a three tier basis.

County contribution subsidy rates for Delta Dental during the term of the agreement as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Employee Only	\$20.59	\$20.59	\$20.59
Employee plus one dependent	\$36.02	\$36.02	\$36.02
Employee plus two or more dependents	\$56.58	\$56.58	\$56.58

If the County discontinues the buy down of Delta Dental, the cost of such buy down will be added proportionately to the contribution rate of all Choices participants, whether such participants purchase Delta Dental or not.

3. LIFE INSURANCE: All Choices Participants will automatically receive \$2,000 of term life insurance coverage if they are members of Retirement Plan A, B, C, or D and \$10,000 of term life insurance coverage if they are members of Retirement Plan E. This coverage is fully paid by the County outside of the Choices Plan.

Participants may purchase optional County-sponsored term life insurance in amounts up to eight times their annual salary. The County will subsidize the

three-year rate guarantee for optional term life quoted by the insurer at a 15% subsidized rate for the term of this agreement. Employees in Retirement Plan E may purchase up to \$40,000 of this coverage on a pretax basis through the Plan. Employees in Retirement Plan A, B, C, or D, may purchase up to \$48,000 of coverage on a pretax basis through the Plan. Coverage in excess of \$40,000 or \$48,000, whichever is applicable, must be purchased on an after-tax basis outside the Plan.

Employees may elect to purchase optional life insurance in increments of \$5,000 to a maximum of \$20,000 for their spouse or domestic partner. The effective date of this option is January 1, 2005. Additional coverage of lesser amounts is available for dependents and domestic partners.

The premiums in effect on January 1 of each plan year for the life insurance program will remain unchanged for the duration of that Plan Year, unless mid-year adjustments are required due to imposition of state or federal taxes.

4. ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) INSURANCE:

Participants may purchase County-sponsored AD&D insurance in specified amounts from \$10,000 to \$250,000, but not more than ten times their annual salary. Additional coverage in lesser amounts is available for dependents.

Enrollment Rules:

Participants may increase or decrease coverage, or continue existing coverage. No evidence of insurability is required. The premiums in effect on January 1 of each plan year for the AD&D program will remain unchanged for the duration of that Plan Year, unless mid-year adjustments are required due to imposition of state or federal taxes.

5. HEALTH CARE SPENDING ACCOUNT: Each Participant may allocate from \$10.00 to \$400.00 per month to a Health Care Spending Account. Changes to these limits for subsequent Plan Years shall be recommended by the Committee. Money allocated to a Health Care Spending Account may be expended on behalf of a Participant, or of his/her dependents, for "medical expenses," as defined in the Internal Revenue Code, incurred during the current Plan Year. Payments for such expenditures will be made directly to the Participants pursuant to claims procedures established by the Committee. Such procedures will provide that claims must be submitted no later than six months after the close of the Plan Year in which the medical expenses were incurred.

6. DEPENDENT CARE SPENDING ACCOUNT:
  - a. Each Participant may allocate from \$10.00 to \$400.00 per month to a Dependent Care Spending Account. Increases or decreases in the limits will be recommended by the Committee. Money allocated to a Dependent

Care Spending Account may be expended on "employment-related" dependent care expenses, as defined in the Internal Revenue Code. As with the Health Care Spending Account, payments for such expenditures will be made directly to the Participants pursuant to claims procedures established by the Committee. Such procedures will provide that claims must be submitted no later than six months after the close of the Plan Year in which the dependent care expenses were incurred.

- b. Effective with the Plan year beginning January 1, 2008, the County shall provide a monthly contribution to each participant's Dependent Care Spending Account based on the employee's annual salary as follows:

<b>Employee Gross Annual Salary</b>	<b>Employer Contribution per month</b>
Less than \$29,999	\$375
\$30,000-\$34,999	\$300
\$35,000-\$39,999	\$275
\$40,000-\$44,999	\$200
\$45,000-\$49,999	\$125
\$50,000 or more	\$75

The County contribution towards Dependent Care Spending Account for CCU members is subject to an annual limit not to exceed \$3.330 Million Dollars for plan years 2011 and 2012 (for a total of \$6.660 Million Dollars).

Any remaining amount not used in the Plan Year will be returned to the County's General Fund.

Participants in the Choices Dependent Care Spending Account will be able to use their account for eligible Child Care and/or Elder Care expenses up to the maximum allowable contribution amount. Participants would be required to sign up for the Dependent Care Spending Account subject to existing administrative rules, IRS regulations, and other requirements governing flexible spending accounts. The implementation of the County contribution towards Choices Dependent Care Spending Account shall not change any of the IRS guidelines and/or claims procedures as established by the Committee and outlined in the Health Care and Dependent Care Spending Accounts booklet. The CCU and Chief Executive Office Employee Relations Division will be responsible for making recommendations regarding the administration of the Dependent Care Spending Account and developing communication materials and election information. The provisions for the Choices Dependent Care Spending Account will be provided during the term of this MOU agreement.



7. TAXABLE CASH: Any portion of any County contribution which is not used to pay for the costs of nontaxable benefits available under this Plan shall be paid to the Participant as taxable cash.

### HEALTH INSURANCE CONTRIBUTIONS

The County will make contributions on behalf of each Participant pursuant to the following three rate structure for the term of this agreement:

<u>Coverage</u>	<u>Monthly Contribution</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Employee who waives health insurance coverage	\$244.00	\$244.00	\$244.00
Employee Only	\$573.56	\$614.86	\$659.13
Employee plus one dependent	\$1046.49	\$1121.84	\$1202.61
Employee plus two or more dependents	\$1236.23	\$1325.24	\$1420.66

In addition, in Plan Years 2011 and 2012, the County will buy down the premium of every County or Union sponsored health plan so the premium is decreased \$5.44 per month for Employee Plus One Dependent and Employee Plus Two Or More Dependents.

No employee may receive multiple contributions from the Choices Plan, the Los Angeles County Flexible Benefit Plan, or any other County contribution toward any health or dental insurance plan during the same month. An employee who would otherwise be eligible for more than one such contribution during any month will be entitled to the contribution to which his/her status on the last day of the month entitles him/her.

If an employee's nontaxable benefit selections cost the employee more than the amount of the applicable County contribution except as noted in Section 2 (Dental Insurance) of this Attachment A, the difference will be made up with pretax salary reduction contributions.

Salary reduction contributions are additional contributions made by the County in exchange for an equivalent reduction in an employee's taxable compensation. No County contribution or salary reduction contribution will be made on behalf of any Participant if he/she has not been in a pay status for at least eight hours during the preceding month. Unless otherwise required by State or Federal law, salary reduction contributions shall have no adverse effect on County retirement benefits authorized by the 1937 Retirement Act, or any other employee benefit.

### ELECTION PROCEDURES

Eligible employees shall make their benefit elections on forms provided by the County pursuant to procedures established by the Chief Executive Office.

Employees hired prior to January 1, 1990, shall have 90 days to enroll. Employees hired on or after January 1, 1990, shall have 60 days to enroll.

An employee shall become a Participant effective on the first day of the month following the date on which the enrollment document is submitted. A newly hired employee who fails to act within the above time limit will be deemed ineligible to participate in the Plan until the next Plan Year. For purposes of this Plan, "hired" means appointment to a position eligible for the Plan.

Employees who fail to submit the required enrollment documentation during an annual open enrollment within the established time frame will be subject to the default rules set forth below:

- a) If the defaulting employee is currently enrolled in a County-sponsored or County-approved union sponsored health insurance plan, he/she will become a Participant in the Choices Plan for the subsequent Plan Year, and will be

deemed to have elected to perpetuate his/her existing benefit coverage relative to health insurance, dental insurance, optional life insurance, and AD&D insurance. The "existing coverage" for this purpose will be the coverage reflected on each Participant's December 15 pay warrant for the current year. Such employee will not be entitled to receive coverage under a Health Care or Dependent Care Spending Account, and he/she will not receive any taxable cash unless the cost of his/her perpetuated nontaxable benefit coverage is less than the amount of the County contribution.

- b) If the defaulting employee is not enrolled in a County-sponsored or County-approved union sponsored health insurance plan, he/she will be deemed ineligible to participate in the Choices Plan until the next Plan Year.

#### MAINTENANCE OF BENEFITS

Unless otherwise agreed to by the County and the Coalition, all insurance coverage sponsored by County shall retain the levels of benefits in effect on January 1, 2010, through December 31, 2012. In cases where a recognized employee organization sponsors a County-approved health insurance plan, such employee organization shall secure prior re-approval for the health plan contribution from the County whenever it plans to change the level of benefits and/or premium structure of its health insurance plan.

MISCELLANEOUS RULES:1. Unpaid Leaves of Absence:

As stated above, an employee loses the monthly County contribution if he/she is not in a pay status at least eight hours in the preceding month. In all other respects, however, an employee who goes on an unpaid leave of absence will continue to be a Participant in the Plan. If the employee pays for his/her insurance premiums while on leave, coverage(s) will continue and all deductions will resume upon the employee's return to an eligible pay status. However, if the employee allows his/her insurance coverage(s) to be cancelled, when he/she returns to an eligible pay status, coverage(s) will resume with a new effective date which will be the 1st of the month after the employee has been in a pay status at least eight hours in the preceding month.

2. Breaks in Service:

An employee who breaks service and then re-enters during the same Plan Year will be required to complete the current Plan Year with the benefit election in place at the time of the break. If the employee returns during a different Plan Year, he/she will be treated as a new hire. An employee who breaks service and who has elected coverage under the Health Care Reimbursement or Dependent

Care Reimbursement options will be deemed to be a Participant in the Plan through the end of the current Plan Year for the limited purpose of claiming any amounts set aside for said benefits prior to the break.

3. Change in Family Status:

- A. Change Form must be submitted to your Benefit Services, Personnel, Human Resources, or Union Office if applicable, within 90 days from the date of a qualified change in family status to be eligible for any increase in, or alternate use of, the County Contribution. Changes involving increases in medical insurance premiums which are submitted after expiration of the 90 days must be paid with after-tax dollars. No refund of premium overpayments will be made if a Change Form is not received within the 90-day period.

The employee must check with his/her medical plan as to the time period in which that plan will accept a change in family status without proof of insurability, which may be less than 90 days.

ADMINISTRATIVE FEE

A monthly administrative fee of \$3.00 will be charged to each Participant; provided, however, that such fee shall be waived for any Participant who is (a) hired prior to

July 1, 1989, and (b) appointed to a classification designated as eligible for the Plan effective July 1, 1989. Such fee shall be collected via tax-free salary reduction contributions.

ATTACHMENT B

COUNTY CONTRIBUTION TOWARD HEALTH INSURANCE FOR  
CERTAIN TEMPORARY AND RECURRENT EMPLOYEES

Section 1.

The maximum monthly County contribution toward health insurance to be paid on behalf of employees designated in Section 2 shall be the premium of the County sponsored health insurance plan in which they are enrolled, or the premium of the County approved union sponsored health insurance plan in which they are enrolled, whichever is applicable, not to exceed the limits set forth below:

<u>Coverage</u>	Maximum Monthly County Contribution		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Employee only	\$481.56	\$516.23	\$553.40
Employee plus one dependent	\$855.31	\$916.89	\$982.91
Employee plus two or more dependents	\$981.80	\$1052.49	\$1128.27

No employee shall receive a County contribution toward more than one health insurance plan during the same month.

In addition, the parties agree that the County will provide the same health insurance subsidy listed above to non-student part-time employees as described below:



## HEALTH INSURANCE SUBSIDY FOR NON-STUDENT PARTIME EMPLOYEES

### Employees Eligible For Participation

An employee will be eligible to enroll in subsidized health coverage if the employee is in a non-student position and is in a pay status for an average of 20 hours a week for the three consecutive months prior to enrollment.

An employee will be deemed to be in a pay status for an average of 20 hours a week for the three consecutive months prior to enrollment if:

- the employee is on a daily or hourly item and the employee's total pay status hours for the three consecutive months prior to enrollment is equal to or greater than 249 hours.
  
- the employee is on a 3/4 or 4/5 monthly item and the employee's total pay status hours for the three consecutive months prior to enrollment is equal to or greater than 360 hours.

### Initial Enrollment

The initial enrollment will allow for health benefits to be effective July 1, 2001.

To determine eligibility for the initial enrollment, the months of January, February and March of 2001, will be used to determine if an employee is in a pay-status for an average of twenty (20) hours a week.

Effective January 1, 2010, employees in a pay-status for an average of twenty (20) hours a week during any three (3) consecutive month period will be eligible to enroll in subsidized health coverage.

#### Ongoing Eligibility

To receive a contribution to a health insurance for a month, an employee must be in a pay status for at least eight hours in the prior month. Effective January 1, 2007, an employee will be taken off of this benefit effective July 1, if an employee is in a pay-status for an average of less-than 20 hours a week during January, February, and March.

Management agrees not to reduce work hours of such employees of sole purpose of denying them this benefit.

If, during the term of this agreement, the County's monthly contribution for health insurance for represented employees not covered by Choices is increased in an amount above the monthly contribution provided for in Attachment B, the employees covered by Attachment B shall receive the higher monthly contribution.

Section 2.

The contribution provided for in Section 1 shall be paid on behalf of any employee who a) is employed on a monthly temporary ("O" Item), or monthly recurrent ("B" Item), as defined in Section 6.28.020 of the County Code, b) satisfies the requirements set forth in Section 5.36.050 of said County Code, and c) is not a participant in the Choices Plan. In no event shall a County contribution be made on behalf of any employee who has not been in a pay status for at least eight hours during the preceding month.

Section 3.

The County contribution provided for in this Attachment B shall first be reflected in County pay warrants issued on the payday occurring on or about the fifteenth of the month following the indicated effective dates.

AMENDMENT NO. 1  
MEMORANDUM OF UNDERSTANDING  
FOR SUBMISSION  
TO BOARD OF SUPERVISORS  
REGARDING  
FRINGE BENEFITS

THIS MEMORANDUM OF UNDERSTANDING, made and entered into this 7<sup>th</sup> day of  
December, 2010,

BY AND BETWEEN

Authorized Management Representatives  
(hereinafter referred to as ("Management")) of  
the County of Los Angeles (hereinafter  
referred to as "County")

AND

SEIU, Local 721, CTW, CLC, (hereinafter  
referred to as "Union")

WHEREAS, on the 15<sup>th</sup> Day of December, 2009, the parties entered into a  
Memorandum of Understanding regarding Fringe Benefits, which MOU was  
subsequently approved and ordered implemented by the County's Board of  
Supervisors; and

WHEREAS, as a result of mutual agreement, the parties desire to Amend the Articles as set forth hereafter;

NOW, THEREFORE, the parties agree as follows:

1. Amend Article 3 – Term to reflect an extension of the Term of the MOU for one (1) year until September 30, 2012, as appended hereto.
2. Amend Article 4 – Renegotiation to reflect revisions necessary to correspond to an extension of the Term on the MOU as appended hereto.
3. Amend Article 7 - Injury Leave to extend the Labor-Management Injury Leave Committee to correspond to an extension of the Term of the MOU to September 30, 2012 as appended hereto.
4. Amend Article 8 – Options
  - Section 1 – Cafeteria Benefit Plan – Options, to reflect revisions necessary to correspond to an extension of the Term of the MOU as appended hereto.

- Section 4 – How The Plan Works, to reflect revisions necessary to correspond to an extension of the Term of the MOU as appended hereto.
- Section 4 (F)(2) – Dependent Care Spending Account, to reflect revisions in the dates necessary to correspond to an extension of the Term of the MOU as appended hereto.
- Section 4 (H) – Maintenance of Benefits, to reflect revisions necessary to correspond to an extension of the Term of the MOU as appended hereto.
- Section 5 – Contributions, to reflect County monthly contributions for health insurance coverage in plan year 2012 to correspond to an extension of the Term of the MOU as appended hereto.
- Section 5 (C), to reflect revisions necessary to correspond to an extension of the Term of the MOU as appended hereto.
- Section 6 – Delta Dental Subsidy, to reflect County monthly contributions for Delta Dental insurance participants for plan year

2012 to correspond to an extension of the Term of the MOU as appended hereto.

- Section 8 – Health Insurance for Temporary and Recurrent Employees, to reflect County monthly contributions for health insurance temporary and recurrent employees in plan year 2012 to correspond to an extension of the Term of the MOU as appended hereto.
5. Amend Article 12 – Sick Leave, Section 2 to reflect revisions in the dates necessary to correspond to an extension of the Term of the MOU, and to continue to provide sick leave buy back provisions in year 2012 as appended hereto.
6. Amend Article 18 – Deferred Compensation and Thrift Plan,
- Section 2 (D) to reflect negotiated cap not to exceed \$61 million during the period July 1, 2010, through June 30, 2011. This section also reflects negotiated cap not to exceed \$56 million during the period of July 1, 2011, through June 30, 2012, as appended hereto.

- Section 2 (E), to reflect negotiated cap to not exceed \$112 million during the period July 1, 2012, through June 30, 2013, and to continue at this amount through succeeding July 1 and June 30 periods.
  - Section 2 (F), to reflect negotiated change to the County matching contribution from 4% to 2% during period of July 1, 2011, through June 30, 2012, as appended hereto.
  - Section 2 (G), to reflect negotiated change to the county matching contributions from 2% to 4% beginning on July 1, 2012, and continuing thereafter, as appended hereto.
7. Amend Article 27 – Commuting Problem, to reflect revisions in the dates necessary to correspond to an extension of the Term of the MOU as appended hereto.
8. Amend Article 28 – Paid Leave for Temporary Employees, to reflect revisions in the dates necessary to correspond to an extension of the Term of the MOU as appended hereto.

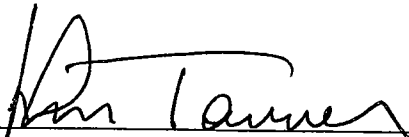


This Amendment No. 1 to said Memorandum of Understanding constitutes a mutual recommendation to be jointly submitted to the County's Board of Supervisors and this Amendment No. 1 will be effective when and if approved by said Board of Supervisors in the same manner provided in Article 2, which was applicable to the implementation of the original Memorandum of Understanding.

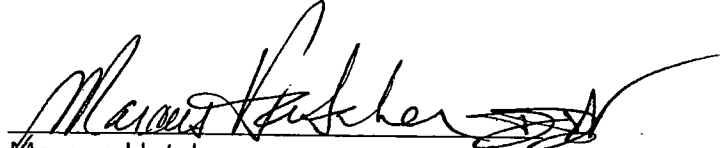
IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Memorandum of Understanding the day, month, and year first above written.

SEIU, LOCAL 721, CTW, CLC

COUNTY OF LOS ANGELES  
AUTHORIZED MANAGEMENT  
REPRESENTATIVE

By   
John Tanner  
Executive Director  
SEIU, Local 721, CTW, CLC

By   
William T Fujioka  
Chief Executive Officer

By   
Marcus Hatcher  
Chief Negotiator

By   
Linda Dent, Chair  
Bargaining Policy Committee

Signature Page (Continued)

SEIU, LOCAL 721, CTW, CLC

By Kerran Sheedy

By Renée D. Pasqua

By Harold Stuber

By Doris Myer

By John Balta

By Chydij Ekeochah

By Alfred Thompson

By Frank Dominguez

By [Signature]

By Kelley [Signature]

By Jandra Treasler

By Quinn Rowdy

By Chris Hillegas

By Rita L. Wright

By Frederick Huicocha RN

By Marion Dalmora

By [Signature]

By Arturo Diaz

By [Signature]

By Jamie [Signature]

By Kim Peters

By Frank [Signature]

By Ma Elena Gonzalez

By Oscar Lopez

By \_\_\_\_\_

ARTICLE 3        TERM

The term of this Memorandum of Understanding shall commence on the date when the terms and conditions for its effectiveness, as set forth in Article 2, Implementation, are fully met; but in no event shall said Memorandum of Understanding become effective prior to 12:01 a.m. on January 1, 2011. This Memorandum of Understanding shall expire and otherwise be fully terminated at 12:00 midnight on September 30, 2012.

ARTICLE 4            RENEGOTIATION

In the event either party hereto desires to negotiate a successor Memorandum of Understanding, such party shall serve upon the other during the period from May 15, 2012, through May 31, 2012, its written request to commence negotiations.

Upon receipt of proposals, negotiations shall begin no later than June 15, 2012.

ARTICLE 7      INJURY LEAVE

The parties agree that the benefits for persons injured in the course of employment who are not covered by Section 4850 of the Labor Code shall be those set forth in Section 6.20.070 of the County Code and that such benefits shall provide for the following:

- A. The sum of benefits prescribed by the Worker's Compensation Laws of the State of California plus benefits provided by said Section 6.20.070 and earnings from other employment shall equal 70% of an employee's base salary for a period not to exceed one year from the date of injury or the length of his/her continuous service prior to the date of injury, whichever is less. In no event, however, shall an employee receive less than the benefits required under the law.
  
- B. If an employee charges an absence due to work-related injury to full-pay sick leave, vacation, accumulated overtime, or accumulated holiday time pending a determination as to the compensability of said injury, he/she shall, in the event said injury is determined to be compensable, be entitled to have 70% of such benefits restored. The remaining 30%, having been used to provide a higher benefit than is authorized for injury leave, shall not be restored. For purposes of this Section, restorable time shall be calculated to the nearest 15-minute increment.

- C. From the time an injury is determined to be compensable until either one year from the date of injury, or the length of the employee's continuous service prior to the date of injury, whichever is less, an employee may not use any other leave benefits to supplement benefits described in this Article.
  
- D. Nothing herein shall prevent an employee from using leave benefits to supplement Workers' Compensation benefits available after one year from the date of injury, or the length of his/her continuous service prior to the date of injury, whichever is less.
  
- E. The County and Local 721 shall form a Labor-Management Committee to meet and consult pursuant to County Code Section 5.04.090(A) on health and medical issues that include but are not limited to workers' compensation, temporary and long-term disability, accommodation of employees with disabling health conditions, and mechanisms to ensure compliance with County policies on health and medical issues. The Committee shall consist of no more than five members of Local 721 and five members of Management. The intent of the Committee is to meet quarterly or more often if the parties mutually agree, and the Committee shall cease to exist on September 30, 2012.

ARTICLE 8                    OPTIONS - CAFETERIA BENEFIT PLAN AND HEALTH, DENTAL AND LIFE INSURANCE

Section 1.                    Cafeteria Benefit Plan - Options

The parties agree to recommend jointly to the County's Board of Supervisors for adoption and implementation by amendment to the County Code that a cafeteria benefit plan (hereinafter called Plan or Options), pursuant to Section 125 of the IRS Code be implemented for employees covered by the MOU for the period January 1, 2010, through December 31, 2012. The Plan will operate on a Plan year basis as required by Section 125 of the IRS Code. It is the intent of the parties that this plan year will consist of twelve (12) months, January 1 through December 31 of each year. Each election period shall be an open enrollment, unless otherwise indicated.

Section 2.                    Benefits Administration Committee

- A. The Labor and Management Committee known as the Local 721 Benefits Administration Committee (BAC or Committee) will jointly administer the benefits provided to employees covered by this MOU through the Plan. The Committee shall use the Joint Labor-Management Health Insurance Cost Containment Strategic Action Plan (Cost Mitigation, Goals and Objectives) in Appendix A as a guideline in the development and design of benefit plans.



B. The Committee shall be comprised of five (5) representatives designated by Local 721 and five (5) representatives designated by Management. The Committee shall have the authority, subject to CEO and Board of Supervisors approval when required, to:

1. Develop its own internal procedures, including the scheduling of meetings and reports of contacts with insurance carriers.
2. Negotiate with carriers of County-sponsored insurance plans regarding premium rates and benefit plan design for all benefits provided to employees under the Plan.
3. Review utilization and claims experience of all County-sponsored insurance and benefits plans within the Plan, which may require access to all relevant reports, and face to face discussions with both providers and the appropriate agencies. This does not preclude the Committee from requesting similar information for other plans.
4. Engage its own consultant. If it does, the cost of such consultant shall be negotiated by the County and Local 721.

5. Recommend to the CEO which County-sponsored benefit options, (including but not limited to voluntary plans such as life, vision, group legal, educational assistance), and plan carriers will be offered through the Plan.

Members may use their individual resources to analyze, research, and develop recommendations to the Committee regarding new benefit plan options.

The parties agree that during the term of this agreement, the parties will discuss ways to mitigate premium increases for subsequent plan years.

Section 3.                    Employees Eligible For Options

- A. Employees eligible for Options will include all full-time permanent employees who are:
  1. Represented by Local 721;
  2. Employees in bargaining units covered by Local 721's Fringe Benefits Memorandum of Understanding;
  3. Non-represented employees who are ineligible to participate in the County's Flexible Benefit Plan for non-represented employees and who are ineligible to participate in the Choices Plan for represented employees.

- B. For purposes of this Plan, "full-time permanent employee" means any employee appointed to an "A," "D," "M," or "N" item, as defined in Title 6 of the County Code. An eligible employee shall become a "Participant" in the Plan upon meeting all of the requirements for participation set forth above.

Section 4. How The Plan Works

It is the purpose of the Plan to allow Participants to choose among the various benefits contained within the Plan in a manner that best meets their personal needs, and, further, to choose, to the maximum extent permitted by applicable law, between taxable and nontaxable compensation. The benefit options available for the Plan Years 2010, 2011, and 2012, and various rules relating to those options, are set forth below:

A. Health Insurance:

Participants may purchase one of the following County-sponsored health insurance plans:

- Kaiser Foundation Health Plan
- PacifiCare Health Plan HMO
- United Healthcare Choices Plus PPO

Enrollment Rules:

1. The two County-sponsored health insurance plans (a) and (b) above will be fully open to all Participants, and their dependents, with no evidence of

insurability required. The premiums in effect on January 1 of each Plan Year for the County-sponsored health insurance plans will remain unchanged for the duration of that Plan Year unless mid-year premium increases are required due to imposition of State or Federal taxes.

2. Every Participant in the Plan must be enrolled in one of the above plans or certify annually that he/she has other health insurance coverage. Such certification must state the name of the other insurance plan, the name of the subscriber, and the Social Security number of the subscriber.

Effective January 1, 2011, in the event that a participant defaults on providing the required health insurance certification coverage information he/she shall be defaulted into the lowest cost HMO plan.

B. Dental Insurance:

Plan Participants may purchase one of the following County-sponsored dental plans:

- Delta Dental Plan
- DELTA Care
- Safeguard Dental Plan

Enrollment Rules:

All three dental plans will be fully open to all Participants. As with health insurance, every Participant must be enrolled in one of the above dental plans or certify that he/she has other dental coverage. Such certification shall require the name of the other dental plan, the name of the subscriber and the Social Security number of the subscriber. The premiums in effect on January 1 of each Plan Year for the dental plans will remain unchanged for the duration of each Plan Year, unless mid-year adjustments are required due to imposition of State or Federal taxes.

C. Life Insurance:

All Plan Participants will automatically receive \$2,000 of term life insurance coverage if they are members of Retirement Plan A, B, C, or D and \$10,000 of term life insurance coverage if they are members of Retirement Plan E. This coverage is fully paid by the County outside of the Plan.

Effective date of this change is January 1, 2005. Employees in Retirement Plan E may purchase up to \$40,000 of this coverage on a pre-tax basis through the Plan.

Employees in Retirement Plans A, B, C or D may purchase up to \$48,000 of coverage on a pre-tax basis through the Plan. Coverage in excess of \$40,000 or

\$48,000, whichever is applicable, must be purchased on an after-tax basis outside the Plan.

Subject to the limitations set forth above, participants may purchase optional County-sponsored term life insurance in amounts up to eight (8) times their annual salary. The County will subsidize the three year rate guarantee for optional term life quoted by the insurer at a 15% subsidized rate for the term of this agreement.

Employees may elect to purchase optional life insurance in increments of \$5,000 to a maximum of \$20,000 for their spouse or domestic partner. The effective date of this option is January 1, 2005. Additional coverage of lesser amounts is available for dependents and domestic partners.

D. Accidental Death and Dismemberment (AD&D) Insurance:

Participants may purchase County-sponsored AD&D insurance in specified amounts from \$10,000 to \$250,000, but not more than ten (10) times their annual salary. Additional coverage in lesser amounts is available for dependents.

Enrollment Rules:

Participants may increase or decrease coverage, or continue existing coverage.

No evidence of insurability is required.

E. Health Care Spending Account:

Each Participant may allocate from \$10.00 to \$400.00 per month to a Health Care Spending Account. Limits in subsequent Plan Years shall be recommended by the Committee. Money allocated to a Health Care Spending Account may be expended on behalf of a Participant, or of his/her dependents, for "medical expenses," as defined in the Internal Revenue Code, incurred during the current Plan Year. Payments for such expenditures will be made directly to the Participants pursuant to claims procedures established by the Committee. Such procedures will provide that claims must be submitted no later than six (6) months after the close of the Plan Year in which the medical expenses were incurred.

F. Dependent Care Spending Account:

- 1) Each participant may allocate from \$10.00 to \$400.00 per month to a Dependent Care Spending Account. Increases or decreases in the limits will be recommended by the Committee. Money allocated to a Dependent Care Spending Account may be expended on "employment-related" dependent care expenses, as defined in the Internal Revenue Code. As with the Health Care Spending Account, payments for such expenditures will be made directly to the Participants pursuant to claims procedures

established by the Committee. Such procedures will provide that claims must be submitted no later than six (6) months after the close of the Plan Year in which the dependent care expenses were incurred.

- 2) Effective with the Plan year beginning January 1, 2008, the County shall provide a monthly contribution to each participant's Dependent Care Spending Account based on the employee's annual salary as follows:

<b>Employee Gross Annual Salary</b>	<b>Employer Contribution per month</b>
Less than \$29,999	\$375
\$30,000-\$34,999	\$300
\$35,000-\$39,999	\$275
\$40,000-\$44,999	\$200
\$45,000-\$49,999	\$125
\$50,000 or more	\$75

The County contribution towards Dependent Care Spending Account for Local 721 members is subject to an annual limit not to exceed \$5 Million Dollars for plan years 2011 and 2012 (for a total of \$10 Million Dollars). Any remaining amount not used in the Plan Year will be returned to the County's General Fund.

Participants in the Options Dependent Care Spending Account will be able to use their account for eligible Child Care and/or Elder Care expenses up



to the maximum allowable contribution amount. Participants would be required to sign up for the Dependent Care Spending Account subject to existing administrative rules, IRS regulations, and other requirements governing flexible spending accounts. The implementation of the County contribution towards Options Dependent Care Spending Account shall not change any of the IRS guidelines and/or claims procedures as established by the Committee and outlined in the Health Care and Dependent Care Spending Accounts booklet. The Benefits Administration Committee (BAC) Joint Labor-Management Committee will be responsible for making recommendations regarding the administration of the Dependent Care Spending Account and developing communication materials and election information. The provisions for the Options Dependent Care Spending Account will be provided during the term of this MOU agreement.

G. Election Procedures:

1. Eligible employees shall make their benefit elections on forms provided by the County pursuant to procedures established by the Chief Executive Office.
2. Newly hired and newly eligible employees shall have sixty (60) days to enroll.

3. An employee shall become a Participant effective on the first day of the month following the date on which the enrollment document is submitted. A newly hired employee who fails to act within the above time limit will be deemed ineligible to participate in the Plan until the next Plan Year. For purposes of this Plan, "hired" means appointment to a position eligible for the Plan.
  
4. Employees who fail to submit the required enrollment documentation during an annual open enrollment within the established time frame will be subject to the default rules set forth below:
  - a) If the defaulting employee is currently enrolled in a County-sponsored health insurance plan, he/she will become a Participant in the Plan for the subsequent Plan Year, and will be deemed to have elected to perpetuate his/her existing benefit coverage relative to health insurance, dental insurance, optional life insurance, and AD&D insurance. The "existing coverage" for this purpose will be the coverage reflected on each Participant's pay warrant on the 15th of the month immediately preceding the effective date of his/her election for all Plan Years. Such employee will not be entitled to receive coverage under a Health Care or Dependent Care Spending Account, and he/she will not receive any taxable

cash unless the cost of his/her perpetuated nontaxable benefit coverage is less than the amount of the County contribution.

- b) If the defaulting employee is not enrolled in a County-sponsored health insurance plan, he/she will be deemed ineligible to participate in the Plan until the next Plan Year.

H. Maintenance of Benefits

Unless otherwise agreed to by the County and the Union, all insurance coverage sponsored by the County shall retain the levels of benefits in effect on January 1, 2010, through December 31, 2012.

Effective January 1, 2003, the parties implemented a \$5.00 mandatory office co-pay for the Kaiser and PacifiCare HMO - (high option) health plans, a \$5.00 prescription co-pay for the Kaiser plan, and a \$5.00 generic/\$10.00 brand name prescription co-pay for the PacifiCare HMO - (high option) plan.

Effective January 1, 2008, the parties implemented a \$10.00 mandatory Office/Urgent Care co-pay for the Kaiser and PacifiCare HMO health plans, and a \$5.00 generic/\$20.00 brand name prescription co-pay for the Kaiser and PacifiCare HMO. Beginning in plan year 2008, pediatric Office/Urgent Care co-pays will be zero dollars (\$.0) for children up to age five (5).

Beginning in plan year 2009, the parties elected to waive co-pays for preventative care for Kaiser and PacifiCare.

Beginning in plan year 2009, the parties implemented the following enhancements to the Delta Dental PPO:

- 1) Increased the annual plan maximum to \$1,750 across all three network tiers;
- 2) Added orthodontia coverage for adults and children with a 50% coinsurance subject to a \$1,200 lifetime maximum;
- 3) Added coverage for dental implants with 50% coinsurance subject to the annual plan maximum, and
- 4) allowed a third teeth cleaning if medically recommended.

Effective January 1, 2010, the parties increased the United HealthCare (UHC) Choices Plus PPO lifetime maximum benefit to \$5 million.

I. Miscellaneous Rules:

1. Unpaid Leave of Absence:

As stated above, an employee loses the monthly County contribution if he/she is not in a pay status at least eight (8) hours in the preceding month. In all other respects, however, an employee who goes on an unpaid leave of absence will continue to be a Participant in the Plan. If the employee pays for his/her insurance premiums while on leave, coverage(s) will continue and all deductions will resume upon the employee's return to an eligible pay status. However, if the employee allows his/her insurance coverage(s) to be canceled, when he/she returns to an eligible pay status coverage(s) will resume with a new effective date which will be the 1st of the month after the employee has been in a pay status at least eight (8) hours in the preceding month.

2. Breaks in Service:

An employee who breaks service and then re-enters during the same Plan Year will be required to complete the current Plan Year with the benefit election in place at the time of the break. If the employee returns during a different Plan Year, he/she will be treated as a new hire. An employee who breaks service and who has elected coverage under the Health Care Reimbursement or Dependent Care Reimbursement options will be deemed to be a Participant in the Plan through the end of the current Plan

Year for the limited purpose of claiming any amounts set aside for said benefits prior to the break.

3. Change in Family Status:

An employee must submit a Change Form to his/her Human Resources Personnel), Benefit Services Section within ninety (90) days from the date of a qualified change in family status to be eligible for any increase in, or alternate use of, the County Contribution. Changes involving increases in medical insurance premiums which are submitted after expiration of the ninety (90) days must be paid with after-tax dollars. No refund of premium overpayments will be made if a Change Form is not received within the ninety (90) day period.

The employee must check with his/her medical plan as to the time period in which that plan will accept a change in family status without proof of insurability, which may be less than ninety (90) days.

Section 5. Contributions

- A. The County will make contributions on behalf of each Participant pursuant to the following three rate structure for the term of this agreement:

<u>Coverage</u>	<u>Monthly Contribution</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Employee who waives health insurance coverage	\$228.00	\$ 228.00	\$ 228.00
Employee only	\$573.56	\$ 614.86	\$ 659.13
Employee plus one dependent	\$1,046.49	\$1,121.84	\$1,202.61
Employee plus two or more dependents	\$1,236.23	\$1,325.24	\$1,420.66

B. Taxable Cash

Any portion of any County contribution which is not used to pay for the costs of nontaxable benefits available under this Plan shall be paid to the Participant as taxable cash.

C. In addition, in Plan Years 2010, 2011, and 2012, the County will buy down the premium of any County or Union sponsored health plan so the premium is decreased \$6.00 per month for employee only coverage, \$9.00 per month for employee plus one dependent coverage, and \$11.00 per month for employee plus two or more dependents coverage.

D. No employee may receive multiple contributions from the Plan, the Choices Plan, the Los Angeles County Flexible Benefit Plan, or any other County contribution

toward any health or dental insurance plan during the same month. An employee who would otherwise be eligible for more than one such contribution during any month will be entitled to the contribution to which his/her status on the last day of the month entitles him/her.

- E. If an employee's nontaxable benefit selections cost more than the amount of the applicable County contribution, the difference will be made up with pretax salary reduction contributions. Salary reduction contributions are additional contributions made by the County in exchange for an equivalent reduction in an employee's taxable compensation. No County contribution or salary reduction contribution will be made on behalf of any Participant if he/she has not been in a pay status for at least eight (8) hours during the preceding month. Unless otherwise required by State or Federal law, salary reduction contributions shall have no adverse effect on County retirement benefits authorized by the 1937 Retirement Act, or any other employee benefit.

Section 6.            Delta Dental Subsidy

Beginning January 1, 2010, the premiums for these plans will be on a three tier basis. For each month of the term of this contract, the County contribution to participants in Delta Dental shall be as follows:



<u>Coverage</u>	<u>Monthly Contribution</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Employee Only	\$20.59	\$20.59	\$20.59
Employee plus one dependant	\$36.02	\$36.02	\$36.02
Employee plus two or more dependants	\$56.58	\$56.58	\$56.58

If the County discontinues the buy down of Delta Dental, the cost of such buy down shall be added proportionately to the contribution rate of all Options participants, whether such participants purchase Delta Dental or not.

Section 7.            Administrative Fee

A \$2.00 per month minimum fee shall be charged to each participant for the County costs to administer the Plan. A monthly administrative fee, as determined by the Committee may be charged to each participant. Such fee shall be for enrollment, communications, third party administration, etc.

The above fee shall be collected via tax free salary reduction. It is the intent of the parties that all administrative costs of the Plan be revenue neutral.

Section 8. Health Insurance for Temporary and Recurrent Employees

- A. The parties further agree to recommend jointly to the County's Board of Supervisors for adoption and implementation by amendment to the County Code, that the County contribution toward health insurance for certain temporary and recurrent employees who are not eligible for the Plan be as set forth below for the term of this agreement.

<u>Coverage</u>	<u>Monthly Contributions</u>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Employee Only	\$481.56	\$ 516.23	\$ 553.40
Employee plus one dependent	\$855.31	\$ 916.89	\$ 982.91
Employee plus two or more dependents	\$981.80	\$1,052.49	\$1,128.27

In addition, the parties agree that the County will provide the same health insurance subsidy listed above to non-student part-time employees as described below.

B. Health Insurance Subsidy for Non-Student Part-time Employees Eligible for Participation

1. An employee will be eligible to enroll in subsidized health coverage if the employee is in a non-student position and is in a pay status for an average

of twenty (20) hours a week for the three (3) consecutive months prior to enrollment.

An employee will be deemed to be in a pay status for an average of twenty (20) hours a week for the three (3) consecutive months prior to enrollment if:

- a. The employee is on a daily or hourly item and the employee's total pay status hours for the three (3) consecutive months prior to enrollment is equal to or greater than 249 hours.
- b. The employee is on a 3/4 or 4/5 monthly item and the employee's total pay status hours for the three (3) consecutive months prior to enrollment is equal to or greater than 360 hours.

C. Initial Enrollment

The initial enrollment will allow for health benefits to be effective July 1, 2001.

To determine eligibility for the initial enrollment, the months of January, February and March of 2001 will be used to determine if an employee is in a pay-status for an average of thirty (30) hours a week.

Effective January 1, 2010, employees in a pay-status for an average of twenty (20) hours a week during any three (3) consecutive month period will be eligible to enroll in subsidized health coverage.

D. Ongoing Eligibility

To receive a contribution to a health insurance plan for a month, an employee must be in a pay status for at least eight (8) hours in the prior month. Effective January 1, 2007, an employee will be taken off this benefit effective July 1, if an employee is in a pay-status for an average of less-than twenty (20) hours a week during January, February, and March.

Management agrees not to reduce work hours of such employees for the sole purpose of denying them this benefit.

Section 9.            Flexible Benefit and Mega-Flex Benefit Plan

Permanent County employees currently participating in, or eligible to participate in the Flexible Benefit Plan (FBP) and/or Mega-Flex Plan (Pensionable and Non-Pensionable), shall continue to be eligible for and participate in said plans upon unit certification or accretion into a Local 721 bargaining unit. Any and all future changes the County makes to the Flex and Mega-Flex Benefit Plans for non-represented

employees, including contributions, plan design and benefit changes, shall be extended to and become part of said eligible or participating employees' Flex and Mega-Flex Plans.

It is the intent of Section 9 to provide a "grandfathered" benefit to employees currently receiving or eligible to participate in the Flexible Benefit/Mega-Flex Plans that elect to be represented by a certified employee organization. Any new employee subsequently hired or promoted into an accreted job classification or a classification covered by unit certification previously covered by the Flex/Mega-Flex Plan shall not participate in the Flex/Mega-Flex Program.

The County shall not discriminate against non-represented employees upon unit certification or accretion into a Local 721 bargaining unit, or otherwise restrict their participation in the Flex and Mega-Flex Benefit Plans, on the basis of their status as represented employees.

The parties agree that the exclusive management, control and administration of the Flex/Mega-Flex Program shall be at the discretion of the County. Any current and future changes or modifications to the Flex/Mega-Flex Program will be at the sole discretion of Management subject to the County meeting and consulting with the Union

prior to implementing any changes to the plan(s). Any employee currently covered by Flex/Mega-Flex may waive this benefit and opt on a one-time only basis to be covered by Options. Once an employee elects to be covered by Options this choice will be irrevocable.

ARTICLE 12      SICK LEAVESection 1.

The parties agree that on the effective dates listed below, full pay sick leave shall be earned and accrued as follows:

Employees hired prior to July 1, 1986, shall, effective January 1, 1994, earn 0.050 of an hour of full pay sick leave (0.075 of an hour for employees working a 56 hour shift) for each qualifying hour of service during a pay period. Qualifying hours include all active service hours, but do not include regular days off or overtime. Full pay sick leave earned is available for use on the first day of the subsequent pay period. There is no change to the maximum number of days of full pay sick leave that may be earned each calendar year. Employees will no longer receive a lump of sick leave on January 1 of each calendar year. Such employees will receive, on January 1, 1994, a number of days of special usage only sick leave on a one-time only basis. This number of days is equal to such employees' annual maximum number of full pay sick leave days. This special sick leave can be used only after all other full pay sick leave subject to 50% payoff at termination is used, (that sick leave earned on or after January 1, 1971), but may be used before full pay sick leave subject to 100% payoff is used (that sick leave earned prior to January 1, 1971). This special sick leave is not paid off at termination. Upon termination, an employee who otherwise qualifies for payoff of unused full pay

sick leave is, in addition to all previously accrued and unused full pay sick leave, paid off for 50% of his or her current annual maximum number of sick leave days less any full pay sick leave taken in the year of termination.

Employees hired on or after July 1, 1986 shall, effective upon the implementation of phase 2 of the County-wide Timekeeping and Payroll-Personnel System (CWTAPPS) earn 0.050 of an hour (0.075 of an hour for employees working a 56 hour shift) for each qualifying hour of service worked during a pay period. Full pay sick leave earned is available for use on the first day of the subsequent pay period. There is no change to the maximum number of days of full pay sick leave that may be earned each calendar year.

## Section 2.

The parties further agree to recommend jointly to the County's Board of Supervisors for adoption and implementation through amendment to said County Code that during the term of this agreement only, full-time, permanent employees may be paid for unused full-pay sick leave as follows:

- a) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from July 1, 2009, through December 31, 2009, and if, by December 31, 2009, he/she had completed at least 12 consecutive



months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on December 31, 2009.

- b) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from January 1, 2010, through June 30, 2010, and if, by June 30, 2010, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on June 30, 2010.
- c) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from July 1, 2010, through December 31, 2010, and if, by December 31, 2010, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on December 31, 2010.
- d) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from January 1, 2011, through June 30, 2011, and if by June 30,

2011, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on June 30, 2011.

- e) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from July 1, 2011, through December 31, 2011, and if, by December 31, 2011, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on December 31, 2011.
- f) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from January 1, 2012, through June 30, 2012, and if by June 30, 2012, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on June 30, 2012.
- g) An employee may, at his/her option, be paid for up to 3 sick leave days, in lieu of carrying such days, if the employee uses no sick leave for any reason from July 1, 2012, through December 31, 2012, and if, by

December 31, 2012, he/she had completed at least 12 consecutive months of continuous service as defined in this Article. Such payment shall be computed on the basis of the workday rate in effect on December 31, 2012.

Further, an employee who elects to receive payment for unused sick leave as provided in this Article shall make his/her election known in a manner prescribed by Management within one month following the date said employee qualifies for said payment.

### Section 3.

For purposes of this Article, a day of full-pay sick leave shall be defined as:

- a) Eight (8) hours for persons employed on a forty (40) hour per week basis.
- b) A pro rata portion of eight hours in the case of one-half time or more permanent employees.
- c) Twelve (12) hours for persons employed on a fifty-six (56) hour per week basis in the Probation Department, the Fire Protection Districts, and the Forester & Fire Warden's Department.
- d) Eleven (11) hours for all other persons employed on a fifty-six (56) hour per week basis.

Section 4.

The parties further agree to recommend to the County's Board of Supervisors that Section 6.20.040 of the County Code shall continue to provide part pay sick leave benefits based on length of service. Such benefits shall be at the rate of 65% and 50% pay and shall be available for use subject to the conditions and limitations set forth in said County Code.

Section 5.            Personal Leave

Beginning January 1, 2007, employees may use up to 96 (ninety-six) working hours (up to 144 working hours for those employees employed on a 56-hour workweek) of accrued full-pay sick leave in any one calendar year for personal reasons pursuant to County Code Section 6.20.030 A(2). When leave pursuant to this Section is needed to attend to the illness or injury of a family member as defined in Article 16, Bereavement Leave, in the Local 721 Fringe Benefit MOU, departmental requirements for prior approval will be applied only to the extent practicable.

Persons employed in positions requiring a California license to practice nursing will be able to use up to 96 working hours for personal reasons in any one calendar year.

ARTICLE 18      DEFERRED COMPENSATION AND THRIFT PLAN

Section 1.

The parties have mutually agreed to the provisions of the Deferred Compensation and Thrift Plan ("Plan"), also known as Horizons, which is fully set forth in Chapter 5.25 of the County of Los Angeles Code as it was restated on August 19, 2003. With respect to employees covered by this Memorandum of Understanding, the Plan provides benefits mutually agreed upon by the parties. The parties intend that Horizons shall operate as an eligible deferred compensation plan pursuant to Section 457 of the Internal Revenue Code and other applicable laws.

Section 2.

The parties further agree on the following matters which provide operational details concerning Plan operation, or are related to the Plan but are outside the scope of its provisions:

- A. The provisions of Chapter 5.25 are not subject to the Grievance Procedure set forth in Article 26 of this MOU,
- B. The monthly matching contributions provided in Section 5.25.050 of the Plan, beginning on January 1, 2001 shall be dollar-for-dollar to a maximum of 4% of the participant's compensation, as defined in the Plan.

- C. As set forth in Section 5.25.050 of the Plan, this Memorandum of Understanding provides for a dollar cap on matching County contributions and said cap establishes an annual expenditure limit that operates on a July 1 to June 30 cycle as set forth below:
  
- D. The General County plus special fund and special district contributions provided by the Plan for represented employees shall not exceed \$61 million during the period July 1, 2010, through June 30, 2011.

The General County plus special fund and special district contributions provided by the Plan for represented employees shall not exceed \$56 million during the period July 1, 2011, through June 30, 2012. Any unspent monies will be carried over to the next fiscal year.

- E. On July 1, 2012, through June 30, 2013, the General County plus special fund and special district contributions provided by the Plan for represented employees shall not exceed \$112 million, and shall continue at this amount through succeeding July 1 and June 30 periods, or until amended by the parties. Any unspent monies will be carried over to the next fiscal year.

- F. During the period July 1, 2011, through June 30, 2012, the County's matching contribution shall be dollar-for-dollar to a maximum of 2% of the participant's compensation, as defined in the Plan.
  
- G. Beginning on July 1, 2012, and continuing thereafter, the County's matching contributions shall be dollar-for-dollar to a maximum of 4% of the participant's compensation, as defined in the Plan.
  
- H. To the extent that employees represented by SEIU Local 721 are impacted, the termination of the Horizons Plan or the amendment of any Plan provisions that are subject to negotiation shall be negotiated between the parties.
  
- I. In the event that the County is mandated by Federal or State law to re-enter the Social Security system during the term of the current Fringe Benefits Memorandum of Understanding, at the request of either party, the parties agree to open negotiations within 45 days of such request regarding the impact of such mandate on the matching contributions of the employees represented by SEIU Local 721 to be covered by Social Security.
  
- J. In the event that applicable law is changed to require the Plan be terminated or merged into another form of deferred compensation program during the term of

the current Fringe Benefits Memorandum of Understanding, at the request of either party, the parties agree to open negotiations within 45 days of such request regarding the impact of such termination or merger on Plan participants who are employees represented by SEIU Local 721.

Section 3.

It is agreed between the parties that any conflict between this Article and the Horizons Plan provisions of the County Code be resolved in favor of the Memorandum of Understanding provisions.



ARTICLE 27      COMMUTING PROBLEMS

The parties agree that during the life of this contract they will actively cooperate in the development and implementation of solutions to the problems of energy waste, air pollution, and congestion created by employee use of motor vehicles. This mutual effort shall include, but not be limited to, producing incentives for the use of car-pools and public transportation.

During the term of the 2009-2012 MOU the parties agree that the County will implement the provisions of the Commuter Benefit Plan (August 20, 2009 Proposal).

A Green@Work joint labor management committee will be convened within 60 days following approval of the MOU by the Board of Supervisors. The CEO shall designate five (5) representatives and Local 721 will designate five (5) representatives to participate in the committee. The purpose of convening the joint labor management committee is to review current efforts to provide employees with opportunities to reduce commuting times and consider ways to strengthen these efforts, including review of piloting "proximate commuting transfer match system" to identify transfer opportunities, expansion of TeleWork participation, use of incentives for employees to utilize public transportation, and expansion of alternative work schedules.

The Green@Work joint labor management committee will submit a report with recommendations to the Chief Executive Officer within one hundred and eighty days.

ARTICLE 28      PAID LEAVE FOR TEMPORARY EMPLOYEES

The parties agree that daily and hourly temporary employees shall continue to be eligible to receive paid leave in accordance with the following provisions:

1) Eligibility

Any temporary employee subject to this Memorandum of Understanding who is employed exclusively on an hourly as-needed ("F" item) or hourly recurrent ("H" item) basis during the calendar years 2009-2012 shall be eligible for paid leave pursuant to this Article.

2) Earning and Accrual of Leave

An eligible employee shall earn paid leave to a maximum of 24 hours per calendar year based on the total number of days worked during the year of eligibility, as shown below. For this purpose at least one hour of work per day shall constitute one day of work.

<u>Minimum Number of Days Worked</u>	<u>Amount of Paid Leave</u>
60 days	8 hours
100 days	16 hours
140 days	24 hours

Paid leave as shown above shall be credited to the employee on January 1 following the year in which it was earned.

3) Use of Leave

Paid leave, in increments of 8 hours only, may be taken off, subject to prior approval of Management, or paid for at the employee's request during the calendar year in which it was credited to the employee, and shall not be carried over to any subsequent year.

4) Pay for Unused Leave

Unused credited leave shall be paid for under any one or more of the following conditions:

1. At the employee's request.
2. At the end of the calendar year in which it was credited to the employee.
3. At the employee's termination from County service.

Pay for unused leave shall be at the employee's work day rate in effect at the time of payment.

The provisions of this Article do not apply to retirees of the County of Los Angeles.

## AMENDMENT NUMBER SEVEN

### CONTRACT BETWEEN THE COUNTY OF LOS ANGELES AND AFFILIATED COMPUTER SERVICES, INC. AND BUCK CONSULTANTS, LLC FOR ADMINISTRATIVE SERVICES FOR CAFETERIA AND NON-CAFETERIA BENEFIT PLANS

**THIS AMENDMENT NUMBER SEVEN** is made and entered into by and between the County of Los Angeles ("COUNTY") and Affiliated Computer Services, Inc. and Buck Consultants, LLC (jointly and severally, "CONTRACTOR").

**WHEREAS**, on August 12, 2003, COUNTY and CONTRACTOR entered into County Contract No. 74576, for the provision of administrative services for cafeteria and non-cafeteria benefit plans, and any amendments thereto (hereinafter collectively referred to as "Contract"); and

**WHEREAS**, on May 6, 2008, the COUNTY Board of Supervisors (Board) executed Amendment No. 4 to extend the Contract for a period of three years from January 1, 2009 through and including December 31, 2011, and two (2) additional one-year periods, for a maximum total extension of five (5) years, from January 1, 2009 through December 31, 2013; and

**WHEREAS**, on December 7, 2010, the Board approved fringe benefits and salaries for various represented and non-represented employees, which will result in additional administrative and record keeping services required by the CONTRACTOR to implement and maintain the cafeteria and other fringe benefit plans; and

**WHEREAS**, the Board instructed County Counsel to amend the existing contract with Affiliated Computer Services, Inc. and Buck Consultants, LLC to increase the Contract Sum in an amount not to exceed thirty thousand dollars (\$30,000) through December 31, 2011 to allow CONTRACTOR to implement and maintain the additional administrative and record keeping services; and

**WHEREAS**, Subsection 4.4 of Section 4.0 (Changes and Amendments) of the Contract provides that for such changes, an amendment to the Contract shall be prepared and executed by the CONTRACTOR and the Board.

**NOW, THEREFORE**, the COUNTY and CONTRACTOR mutually agree to amend the Contract as follows:

- I. **Pursuant to Section 4.0 (Changes and Amendments), Subsection 4.4 of the Contract, the following amendments shall be made to the Contract:**
  - A. **Section 8.0 - CONTRACT SUM**, Subsection 8.8 is added to read as follows:

74576 Supplement 7

8.8 The amount equal to the Maximum Contract Sum, Twelve Million Three Hundred Eight Thousand Dollars (\$12,308,000) for the three year term is increased by Thirty Thousand Dollars (\$30,000) for an aggregate of Twelve Million Three Hundred Thirty Eight Thousand Dollars (**\$12,338,000**), which additional funds may be used solely for additional administrative and recordkeeping services to be provided by CONTRACTOR through December 31, 2011, to implement and maintain the bargaining agreements. If the two one-year options are exercised, the total Maximum Contract Sum shall not exceed Twenty One Million Eight Hundred Twenty Four Thousand Dollars (**\$21,824,000**).

**B. Exhibit B (Fee Schedule) shall be deleted in its entirety effective January 1, 2011 and replaced with the attached Exhibit B (Fee Schedule).**

**II. Except for the changes set forth herein, all other terms and conditions of the Contract shall remain in full force and effect.**

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**AMENDMENT NUMBER SEVEN TO COUNTY CONTRACT NUMBER 74576**

IN WITNESS WHEREOF, the CONTRACTOR has duly executed this Amendment Number Seven to County Contract No. 74576, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Mayor of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof.

COUNTY OF LOS ANGELES

BUCK CONSULTANTS, LLC

By: Mike Antonovich  
Mayor, Board of Supervisors

By: Harold A. Loeb  
Harold A. Loeb  
Principal and Consulting Actuary

AFFILIATED COMPUTER SERVICES, INC.

By: Tom Blodgett  
Name: Tom Blodgett  
Title: COO, Commercial  
Date: 03/16/11

ATTEST:  
SACHI A. HAMAI  
Executive Officer-Clerk of  
the Board of Supervisors



I hereby certify that pursuant to Section 26105 of the Government Code, delivery of this document has been made.

SACHI A. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

By: [Signature]  
Deputy March 24, 2011

By: [Signature]  
Deputy

APPROVED AS TO FORM:  
ANDREA SHERIDAN ORDIN  
COUNTY COUNSEL

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

By: [Signature]  
Stephen R. Morris  
Principal Deputy County Counsel

09 DEC 7 2010

Sachi A. Hamai  
SACHI A. HAMAI  
EXECUTIVE OFFICER

## FEE SCHEDULE

## Per Participant and Transaction Rates

	Assumed Volume***	2009*	2010*	2011*	Annual Total	Three-Year Total	Optional 2012*	Optional 2013*	Annual Total	Five-Year Total
<b>Monthly Processing Fees</b>										
Flex/Megaflex	12,822	\$ 2.05	\$ 2.05	\$ 2.05	\$ 315,421		\$ 2.05	\$ 2.05	\$ 315,421	
Choices	35,191	\$ 2.15	\$ 2.15	\$ 2.15	\$ 907,928		\$ 2.15	\$ 2.15	\$ 907,928	
Options	48,565	\$ 2.15	\$ 2.15	\$ 2.15	\$ 1,252,977		\$ 2.15	\$ 2.15	\$ 1,252,977	
Temps/Part-time	2,907	\$ 2.15	\$ 2.15	\$ 2.15	\$ 75,001		\$ 2.15	\$ 2.15	\$ 75,001	
Employee Direct Pay Billing	1,925	\$ 4.97	\$ 4.97	\$ 4.97	\$ 114,807		\$ 4.97	\$ 4.97	\$ 114,807	
COBRA Notification	2,500	\$ 6.62	\$ 6.62	\$ 6.62	\$ 198,600		\$ 6.62	\$ 6.62	\$ 198,600	
HIPAA Certification	-	\$ 5.52	\$ 5.52	\$ 5.52	\$ -		\$ 5.52	\$ 5.52	\$ -	
Subtotal					\$ 2,864,734	\$ 8,594,201			\$ 2,864,734	\$ 14,323,668
<b>Monthly Spending Account Administration*</b>										
Flex/Megaflex (annual rates)	5,377	\$ 0.55	\$ 0.55	\$ 0.55	\$ 2,957		\$ 0.55	\$ 0.55	\$ 2,957	
Checks issued/mailed	3,585	\$ 3.42	\$ 3.42	\$ 3.42	\$ 147,115		\$ 3.42	\$ 3.42	\$ 147,115	
Choices (annual rates)	5,420	\$ 0.55	\$ 0.55	\$ 0.55	\$ 2,981		\$ 0.55	\$ 0.55	\$ 2,981	
Checks issued/mailed	3,613	\$ 3.42	\$ 3.42	\$ 3.42	\$ 148,291		\$ 3.42	\$ 3.42	\$ 148,291	
Options (annual rates)	7,022	\$ 0.55	\$ 0.55	\$ 0.55	\$ 3,862		\$ 0.55	\$ 0.55	\$ 3,862	
Checks issued/mailed	4,681	\$ 3.42	\$ 3.42	\$ 3.42	\$ 192,122		\$ 3.42	\$ 3.42	\$ 192,122	
Subtotal					\$ 497,328	\$ 1,491,985			\$ 497,328	\$ 2,486,641
<b>Annual Enrollment*</b>										
Flex/Megaflex	12,822	\$ 0.78	\$ 0.78	\$ 0.78	\$ 10,001		\$ 0.78	\$ 0.78	\$ 10,001	
Choices	35,191	\$ 0.73	\$ 0.73	\$ 0.73	\$ 25,689		\$ 0.73	\$ 0.73	\$ 25,689	
Options	48,565	\$ 0.54	\$ 0.54	\$ 0.54	\$ 26,225		\$ 0.54	\$ 0.54	\$ 26,225	
Temps/Part-time	2,907	\$ 0.78	\$ 0.78	\$ 0.78	\$ 2,267		\$ 0.78	\$ 0.78	\$ 2,267	
Decision Planner Worksheet	99,485	\$ 1.12	\$ 1.12	\$ 1.12	\$ 111,423		\$ 1.12	\$ 1.12	\$ 111,423	
IVR Script Development**	1 ann. unit	\$ 16,557.19	\$ 16,557.19	\$ 16,557.19	\$ 16,557		\$ 16,557.19	\$ 16,557.19	\$ 16,557	
Web Screen Development**	1 ann. unit	\$ 18,764.83	\$ 18,764.83	\$ 18,764.83	\$ 18,765		\$ 18,764.83	\$ 18,764.83	\$ 18,765	
Confirmation/Default Notice	99,485	\$ 0.54	\$ 0.54	\$ 0.54	\$ 53,722		\$ 0.54	\$ 0.54	\$ 53,722	
Mail Spending Account Kit	17,819	\$ 0.83	\$ 0.83	\$ 0.83	\$ 14,790		\$ 0.83	\$ 0.83	\$ 14,790	
Mail Spending Account Book	2,500	\$ 0.83	\$ 0.83	\$ 0.83	\$ 2,075		\$ 0.83	\$ 0.83	\$ 2,075	
Subtotal					\$ 281,515	\$ 844,545			\$ 281,515	\$ 1,407,575
Estimated Annual Costs		\$ 3,644,000	\$ 3,866,000	\$ 4,098,000	\$ 3,643,577	\$ 11,608,000	\$ 4,344,000	\$ 4,605,000	\$ 3,643,577	\$ 20,557,000
Maximum Annual Cap (Including 3% annual cap based on volume)		3,753,000	3,979,000	4,217,000		11,949,000	4,471,000	4,739,000		\$ 21,159,000
Maximum Annual Contract Sum (Including 3% estimated COLA increase)		3,866,000	4,098,000	4,344,000		12,308,000	4,605,000	4,881,000		21,794,000
2011-2012 Benefit Changes****				\$ 30,000		\$ 30,000				\$ 30,000
<b>MAXIMUM CONTRACT SUM</b>						<b>\$ 12,338,000</b>				<b>\$ 21,824,000</b>

\*All rates shown are monthly except:

Spending Account Checks issued/mailed are per transaction. Volumes shown are assumed to be monthly.

Spending Account Administration for Flex/Megaflex, Choices and Options are shown as annual rates.

Annual enrollment rates for Flex/Megaflex, Choices, Options, Temps, and Part-time and Confirmation/Default Notices and

Decision Planner Worksheet are charged one time during annual enrollment.

Mailing of Spending Account Kit and Account Book is per kit or account mailed.

Rates are increased annually by applicable Cost of Living Adjustments (COLAs)

Fees not charged on a per transaction basis include:

\*\* IVR Script Development for annual enrollment

\*\* Web Screen Development for annual enrollment

\*\*\* One time adjustment to increase Assumed Volumes to the February 2008 actual roll count

\*\*\*\* Additional administrative and service changes resulting from union bargaining settlement

County of Los Angeles  
Benefits Administration  
Annual Fees

	2009	2010	2011	2012	2013	CONTRACT COSTS
Monthly Processing Fees	\$ 2,864,734	\$ 3,039,000	\$ 3,224,000	\$ 3,420,000	\$ 3,628,000	
Spending Account Administration	\$ 497,328	\$ 528,000	\$ 560,000	\$ 594,000	\$ 630,000	
Annual Enrollment	\$ 281,515	\$ 299,000	\$ 317,000	\$ 336,000	\$ 356,000	
<b>Estimated Annual Costs</b>	<b>\$ 3,644,000</b>	<b>\$ 3,866,000</b>	<b>\$ 4,098,000</b>	<b>\$ 4,344,000</b>	<b>\$ 4,605,000</b>	<b>\$ 20,557,000</b>
<b>Maximum Annual Cap</b>	<b>\$ 3,753,000</b>	<b>\$ 3,979,000</b>	<b>\$ 4,217,000</b>	<b>\$ 4,471,000</b>	<b>\$ 4,739,000</b>	<b>\$ 21,159,000</b>
<b>Maximum Annual Contract Sum</b>	<b>\$ 3,866,000</b>	<b>\$ 4,098,000</b>	<b>\$ 4,344,000</b>	<b>\$ 4,605,000</b>	<b>\$ 4,881,000</b>	<b>\$ 21,794,000</b>
2011-2012 Benefit Changes*			\$ 30,000			\$ 30,000
<b>MAXIMUM CONTRACT SUM</b>						<b>\$ 21,824,000</b>

Maximum Annual Cap includes 3% annual cap

Maximum Annual Contract Sum includes 3% estimated COLA increase

\* Additional administrative and service changes resulting from union bargaining settlement