

O: PERS (4)
L.R. Flores

**TWO-YEAR CONTRACT EXTENSION TO
THE MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF SANTA ANA
AND
SANTA ANA MANAGEMENT ASSOCIATION
FOR FISCAL YEARS 2008-09 AND 2009-10**

The City of Santa Ana (CITY) and the Santa Ana Management Association (SAMA) have met and agreed to amend the Memorandum of Understanding (MOU) between the CITY and SAMA for Fiscal years 2004-05 through 2007-08 by extending this MOU for two additional years. The existing MOU provisions will remain unchanged unless addressed by this addendum. The new expiration date of the MOU will be June 30, 2010, and the MOU will be amended as follows:

AMENDED ARTICLE V (new language in bold)

5.3 Salaries.

- E. Effective July 1, 2008, the base salaries of classifications covered by this Agreement shall be increased by approximately four percent (4%).**
- F. Effective January 1, 2009, the base salaries of classifications covered by this Agreement shall be increased by approximately two and one-half percent (2.5%).**
- G. Effective July 1, 2009, the base salaries of classifications covered by this Agreement shall be increased by approximately four percent (4%).**
- H. Effective January 1, 2010, the base salaries of classifications covered by this Agreement shall be increased by approximately two and one-half percent (2.5%).**
- I. Effective July 1, 2007, Miscellaneous employees covered by this Agreement shall contribute 2% of their salary toward the employer cost of the 2.7% at 55 retirement benefit. To the extent permitted by CalPERS and Internal Revenue Service regulations, this 2% contribution shall be implemented through payroll deduction on a pre-tax basis.**

Effective July 1, 2008, Miscellaneous employees covered by this Agreement shall contribute an additional 2% of their salary (for a total of 4%) toward the employer cost of the 2.7% at 55 retirement benefit. To the extent

permitted by CalPERS and Internal Revenue Service regulations, this additional 2% contribution shall be implemented through payroll deduction on a pre-tax basis.

Effective July 1, 2009, Miscellaneous employees covered by this Agreement shall contribute an additional 2.3% of their salary (for a total of 6.3%) toward the employer cost of the 2.7% at 55 retirement benefit. To the extent permitted by CalPERS and Internal Revenue Service regulations, this additional 2.3% contribution shall be implemented through payroll deduction on a pre-tax basis.

AMENDED ARTICLE XI (new language in bold)

- 11.1 Health Insurance. The City shall contribute the following amounts toward the payment of premiums for affected employees and their dependents under the existing health insurance programs or new program or programs providing substantially similar or improved coverage and benefits selected in accordance with procedures in effect on the effective date of this Agreement:
- B. Effective January 1, 2006, January 1, 2007, ~~and January 1, 2008,~~ **January 1, 2009, and January 1, 2010,** respectively, the City shall contribute toward medical premiums an amount consistent with the rates then in effect for each tier of the CalPERS Kaiser Permanente HMO Other Southern California plan.
- 11.2 Dental Insurance.
- A. Effective January 1, 2004 through December 31, 2005, the City agrees to contribute a maximum of up to seventy (~~\$70~~) dollars (**\$70**) per month per employee toward the payment of premiums for dental insurance plans provided by the City for employees covered by this Agreement and their eligible dependents. Effective January 1, 2006, the City contribution amount will be increased to a maximum of up to eighty ~~\$80~~ dollars (**\$80**) per month per employee. Effective January 1, 2007, the City contribution amount will be increased to a maximum of up to ninety (~~\$90~~) dollars (**\$90**) per month per employee. **This contribution amount of \$90 per month per employee shall remain in effect during the term of the Agreement, which expires June 30, 2010.**

11.7 Medical Retirement Subsidy Plan.

- A. Effective Fiscal Year 2004-05, the City's annual contribution to the Medical Retirement Subsidy Plan for full time SAMA employees shall be increased by an additional one-half percent (0.5%) of the ~~SAMA employees'~~ **bargaining unit's** salary base, under the same Medical Retirement Subsidy Plan it maintains for Executive Officers and Management employees of the City. With this additional contribution amount, the City's ~~maximum~~ contribution toward the Medical Retirement Subsidy Plan for SAMA employees shall equal one percent (1.0%) of ~~their~~ **the bargaining unit's** salary base.

Effective Fiscal Year 2008-09, the City's annual contribution to the Medical Retirement Subsidy Plan for full time SAMA employees shall be increased by an additional four tenths of one percent (0.40%) of the bargaining unit's salary base. With this additional amount, the City's contribution toward the Medical Retirement Subsidy Plan for SAMA employees shall equal one and four tenths' percent (1.40%) of the bargaining unit's salary base.

Effective Fiscal Year 2009-10, the City's annual contribution to the Medical Retirement Subsidy Plan for full time SAMA employees shall be increased by an additional point three five tenths of one percent (0.35%) of the bargaining unit's salary base. With this additional amount, the City's contribution toward the Medical Retirement Subsidy Plan for SAMA employees shall equal one and three quarters' percent (1.75%) of the bargaining unit's salary base.

AMENDED ARTICLE XIII (new language in bold)

- 13.2 Deferred Retirement. The City will continue to make payment to CalPERS on behalf of each affected employee, in an amount necessary to pay one hundred percent (100%) of his or her individual retirement contribution which is **currently** equal to seven percent (7%) of base salary, **and will increase to eight percent (8%) of base salary, effective January 1, 2009.** Such payments shall be credited to the individual employee's CalPERS account.

Such payments are not increases in base salary and no salary rate ranges applicable to any of the employees covered by this Agreement shall be changed or deemed to have been changed by reason thereof. As a result, the City will not treat these payments as ordinary income and, thus will not withhold Federal or State income tax from said payments. The City has received an opinion or ruling from the

Internal Revenue Service confirming that these payments are deferred compensation, and not ordinary income. In the event that the City receives a ruling from the Internal Revenue Service that such payments are ordinary income of the employees instead of deferred compensation, the City's obligation to make such payments shall discontinue and in place thereof the base salary of each said employee shall forthwith be increased by fourteen (14) salary rate ranges (Administrative Management employees), or sixteen (16) salary rate ranges after January 1, 2009, or approximately seven percent (7%) (Middle Management employees), or approximately eight percent (8%) after January 1, 2009.

For the purpose of reporting an employee's compensation to CalPERS, the City shall include these payments as if they were a part of the employee's base salary.

- 13.5 2.7% at 55 Service Retirement Benefit for Miscellaneous Members. Effective January 1, 2009, the City agrees to amend its retirement contract with CalPERS to provide Miscellaneous employees covered by this Agreement with the 2.7% at 55 Service Retirement benefit. Pursuant to CalPERS regulations, this new formula will apply to employees that are in active status on the date this amendment takes effect. This new formula will apply to each year of eligible service credited with the City of Santa Ana.

Payment of New 2.7% at 55 Service Retirement Benefit. Miscellaneous employees covered by this Agreement agree to pay 6.3% of CalPERS reportable compensation toward the cost of the 2.7% at 55 enhanced retirement formula, as set forth in Article V, Section 5.3I.

Pre-Taxable Benefit. To the extent permitted by CalPERS and Internal Revenue Service regulations, the City shall make the above employee deductions pre-tax contributions.

AMENDED ARTICLE XX

- 20.1 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 III, Implementation, are fully met, but in no event shall said Memorandum of Understanding become effective prior to 12:01 a.m. on July 1, 2004. This Memorandum of Understanding shall expire and otherwise be fully terminated at 12:00 midnight on June 30, 2008~~10~~.


ARTICLE XXII

22.0 RATIFICATION & EXECUTION

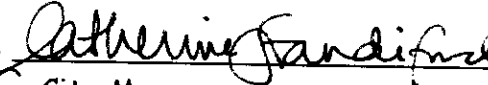
The City and SAMA have reached an understanding as to certain recommendations to be made to the City Council for the City of Santa Ana and have agreed that the parties hereto will jointly urge said Council to adopt a new wage and salary resolution which will provide for the changes contained in said joint recommendations. The City and SAMA acknowledge that this Agreement shall not be in full force and effect until ratified by the membership of SAMA and adopted by the City Council of the City of Santa Ana. Subject to the foregoing, this Agreement is hereby executed by the authorized representatives of the City and SAMA and entered into this 18th 20th day of ~~January~~ November, 20056.

CITY OF SANTA ANA, a Municipal Corporation of the State of California

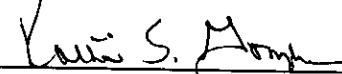
Dated: _____

By: 
Mayor

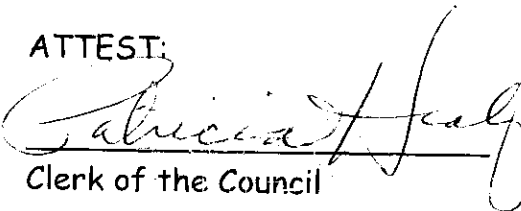
Dated: _____

By: 
City Manager

Dated: 1/11/07

By: 
Assistant Director of Personnel Services

ATTEST:

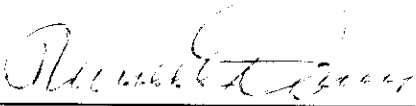

Clerk of the Council

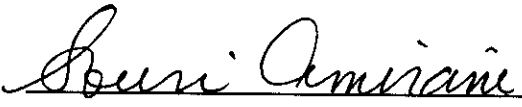
APPROVED AS TO FORM:


Assistant City Attorney

This Agreement has been ratified by the membership of the Santa Ana Management Association.

Dated: 1/11/07

By: 
President


Vice President