

O: PERS (LA)  
R. Flores

**TWO-YEAR CONTRACT EXTENSION TO  
THE MEMORANDUM OF UNDERSTANDING BETWEEN  
THE CITY OF SANTA ANA  
AND  
SERVICE EMPLOYEES INTERNATIONAL UNION  
FOR FISCAL YEARS 2008-09 AND 2009-10**

The City of Santa Ana (CITY) and the Service Employees International Union (SEIU) have met and agreed to amend the Memorandum of Understanding (MOU) between the CITY and SEIU 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 IV (new language in bold)**

**4.3 Salaries.**

- F. Effective July 1, 2008, the base salary of employees covered by this Agreement shall be increased by eight (8) salary rate ranges (approximately 4%).**
- G. Effective January 1, 2009, the base salary of employees covered by this Agreement shall be increased by five (5) salary rate ranges (approximately 2.5%).**
- H. Effective July 1, 2009, the base salary of employees covered by this Agreement shall be increased by eight (8) salary rate ranges (approximately 4%).**
- I. Effective January 1, 2010, the base salary of employees covered by this Agreement shall be increased by five (5) salary rate ranges (approximately 2.5%).**
- J. 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:
- C. 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. Effective January 1, 2004 through December 31, 2005, the City agrees to contribute a maximum of up to seventy (\$70) dollars 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 per month per employee. Effective January 1, 2007, the City contribution amount will be increased to a maximum of up to ninety (\$90) dollars 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.**

Any contribution necessary to maintain benefits under said dental plans in excess of the amount set forth above shall be borne entirely by the employee.

11.6 Medical Retirement Subsidy Plan.

- C. Effective ~~July~~ **October 1, 2007**, the City's contribution toward the Medical Retirement Subsidy Plan shall increase by 0.2% under the conditions specified in Section 11.6A above. With this ~~final~~ contribution amount, the City's ~~maximum~~ contribution toward the SEIU Medical Retirement Subsidy Plan ~~will~~ **shall** equal 1.0% of the bargaining unit's salary base (including assignment pays).
- D. Effective **October 1, 2008**, the City shall contribute an additional 0.40% toward the Medical Retirement Subsidy Plan under the conditions specified in Section 11.6A above. With this contribution amount, the City's total contribution toward the SEIU Medical Retirement Subsidy Plan shall equal 1.40% of the bargaining unit's salary base (including assignment pays).
- E. Effective **October 1, 2009**, the City shall contribute an additional 0.35% toward the Medical Retirement Subsidy Plan under the conditions specified in Section 11.6A above. With this contribution amount, the City's total contribution toward the SEIU Medical Retirement Subsidy Plan shall equal 1.75% of the bargaining unit's salary base (including assignment pays).

**AMENDED ARTICLE XII (new language in bold)**

- 12.2 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 currently is equal to seven percent (7%) **and will increase to eight percent (8%), 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 range 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 (7%), or sixteen (16) salary rate ranges (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 the employee's base salary.

~~12.6 Retirement Reopener. Notwithstanding the provisions of Article XXIV, Waiver of Bargaining During the Term of this Agreement, the City and Union may reopen Article XII Retirement, for the purpose of negotiating any new Retirement Formula for Local Miscellaneous members that currently is available to contracting agencies.~~

~~*The City and Union agree to meet and commence discussions pertaining to an enhanced retirement formula no later than ten days after receiving the actuarial report from CalPERS on the cost of providing such formula. The party requesting the meeting will be responsible for paying CalPERS for the cost of the actuarial report.*~~

~~If negotiations on a new Formula for Local Miscellaneous Members is successfully completed, the City will proceed to amend its contract with the California Public Employees Retirement System (CalPERS) as soon as practicable.~~

**12.6 (new) 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 IV, Section 4.3J.

**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 XXVIII**

28.1 The term of this Agreement shall be from June 7, 2005 through June 30, 200810.

ARTICLE XXIX

29.0 RATIFICATION & EXECUTION

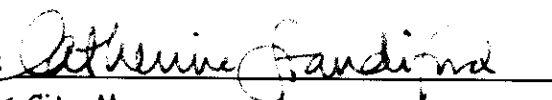
29.1 The City and the Union have reached an understanding as to certain recommendations to be made to the City Council for the City of Santa Ana and have agreed that the parties hereto will jointly urge said Council to adopt a new wage and salary resolution which will provide for the changes contained in said joint recommendations. The City and the Union acknowledge that this Agreement shall not be in full force and effect until ratified by the membership of the Union 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 the Union and entered into this 6<sup>th</sup>-20<sup>th</sup> day of ~~June~~ November, 2005~~6~~.

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

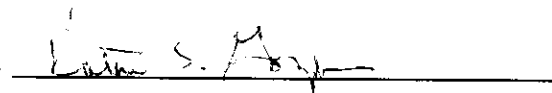
Dated: \_\_\_\_\_

By:   
Mayor

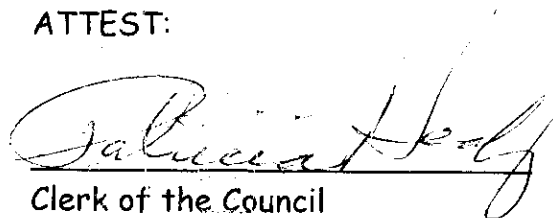
Dated: \_\_\_\_\_

By:   
City Manager

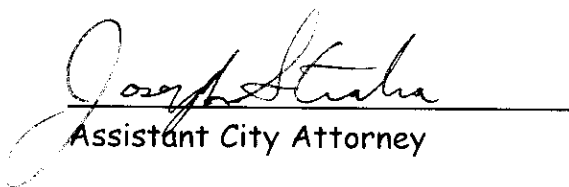
Dated: 12/20/06

By:   
Assistant Director of Personnel Services

ATTEST:

  
Clerk of the Council

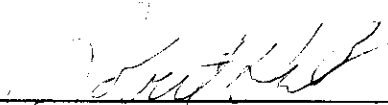
APPROVED AS TO FORM:

  
Assistant City Attorney

This Agreement has been ratified by the membership of the Santa Ana City Employees,  
Chapter 1939/Service Employees International Union Local 347.

Dated: 12/2/06


SEIU:



Robert Hunt, Legal Counsel



David Biondolillo, President



Gloria Alvarado, 1<sup>st</sup> Vice President