

MEMORANDUM OF UNDERSTANDING

(UMBRELLA AGREEMENT)

SETTING THE TERMS AND CONDITIONS OF ~~EMPLOYEE-PAID~~
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT PLAN (CALPERS)

~~OPTIONAL BENEFITS~~

FOR MISCELLANEOUS CITY EMPLOYEES

BETWEEN

CITY OF SANTA MONICA

AND THE COALITION OF SANTA MONICA CITY EMPLOYEES ON BEHALF OF
MANAGEMENT TEAM ASSOCIATES, SUPERVISORY TEAM ASSOCIATES,
ADMINISTRATIVE TEAM ASSOCIATES, MUNICIPAL EMPLOYEES ASSOCIATION,
INTERNATIONAL BROTHERHOOD OF TEAMSTERS LOCAL 911,
PUBLIC ATTORNEYS' UNION, UNITED TRANSPORTATION UNION (LOCAL 1785)-
INTERNATIONAL ASSOCIATION OF SHEET METAL, AIR, RAIL AND
TRANSPORTATION WORKERS (SMART) UNITED TRANSPORTATION UNION
(LOCAL 1785),
PUBLIC ATTORNEYS LEGAL SUPPORT STAFF UNION AND
EXECUTIVE PAY PLAN PARTICIPANTS AND CERTAIN UNREPRESENTED
CLASSIFICATIONS

ARTICLE I. GENERAL PROVISIONS

1.01 ~~1.01~~ This ~~agreement amends the~~ Memorandum of Understanding ("Agreement") ~~between the City of Santa Monica and the Coalition of Santa Monica City Employees sets forth the terms and conditions pertaining to the California Public Employees' Retirement Plan between the parties, Contract No. 8650 (CCS), previously executed November 3, 2006 and sets forth the terms and conditions pertaining to for~~ non-sworn miscellaneous City employees, and all members of the Executive Pay Plan^[LKI] ("~~affected employees~~"). ADD A HISTORY. ADD THE FOLLOWING: This agreement shall incorporate all the provisions of all prior memoranda of understanding between the parties unless otherwise modified by this agreement, as follows:

a. Contract No. 8650 (CCS) executed November 3, 2006; and

b. ~~Contract No. 9495 (CCS) executed December 1, 2011, as amended by the Side Letter of Agreement executed~~

1.02 Employees covered hereunder shall be all permanent non-sworn City employees represented by and/or receiving the benefits of the following City bargaining units or their respective successors: Administrative Team Associates (ATA), International Brotherhood of Teamsters Local 911 (IBT), Management Team Associates (MTA), Municipal Employees Association (MEA), Public Attorneys Union (PAU), Public Attorneys' Legal Support Staff Union (PALSSU), Supervisory Team Associates (STA), and United Transportation Union, Local 1785 (UTU)-International Association of Sheet Metal, Air, Rail, and Transportation Workers (SMART). This Agreement shall also cover members of the Executive Pay Plan (EPP). This Agreement does not apply to sworn safety employees represented by the Fire Executive Management Association (FEMA), Santa Monica Firefighters, Local 1109, IAFF (Local 1109) or the Santa Monica Police Officers Association (SMPOA).

1.032 This Agreement shall be effective January 1, 2019 and shall remain in full force and effect until December 31, 2025. Negotiations to extend this Agreement or enter into a new agreement ~~prior to the expiration of this agreement~~ will commence upon a date mutually agreed upon by the City and Coalition with said negotiations to commence no later than July 1, 2025. ~~y, the non-sworn bargaining units, and Executive Pay Plan members~~

1.043 The parties agree that each has had full and unrestricted right and opportunity to make, advance, and discuss all matters properly within the scope of representation. This Agreement constitutes the full and complete agreement of the parties and there are no others, oral or written, except as specified in this Agreement. ~~;- the terms of which will be incorporated into the respective Memorandum of Understanding of the constituent City bargaining units to the Coalition of Santa Monica City Employees Parties are not bound by any past practices or understandings of either party unless such past practices or understandings are specifically stated in this MOU that are inconsistent with the express terms of this agreement.~~

1.054 Except as provided in Section 1.065, neither the City nor the Coalition (individually or represented employees covered by this agreement) may seek to modify or change the provisions of this agreement during its term unless mutually agreed upon

~~1.065 Should any change be made in any Federal or State law, or in any rules and regulations implementing such legislation, which would be contrary to any provision of this agreement, then such provision will be subject to reopening, but the remainder of this MOU shall remain in full force and effect. In addition, in the event of impending changes in the law, the parties shall immediately commence to negotiate for the purpose of replacing any provision which may be changed or rendered invalid or illegal~~

ARTICLE II. RETIREMENT

2.01 The City is a contract member of the Public Employees' Retirement System, and it is understood and agreed that such membership will be maintained and that employee eligibility, classification, contribution, and benefits are as prescribed in the contract between the City and the Public Employees' Retirement System heretofore approved by the City Council^[LK5].

~~This agreement does two things: (1) it continues the 2.7% @ 55 full retirement formula for affected employees hired prior to July 1, 2012 ("TIER 1 EMPLOYEES"); and (2) it provides for the City of Santa Monica to amend its contract with the California Public Employees' Retirement System (CalPERS) to create a second tier of benefits for employees hired on or after July 1, 2012 ("TIER 2 EMPLOYEES") whereby TIER 2 EMPLOYEES will receive the optional CalPERS benefit set forth in Section 21354 of the California Government Code, which establishes a 2.0% @ 55 full formula, with Final Compensation based on the 36 highest paid consecutive months set forth in Section 20037 of the California Government Code.~~

~~I. The terms and conditions for TIER 1 EMPLOYEES shall remain as provided in the Memorandum of Understanding, Contract No. 8650 (CCS), previously executed November 3, 2006, except as amended by this agreement.~~

2.02 ~~a.~~ TIER 1 EMPLOYEES (employees hired prior to July 1, 2012) shall ~~continue to be~~ ~~shall continue to be~~ covered by the optional CalPERS benefit set forth in Section 21354.5 of the California Government Code, which establishes ~~ed~~ a 2.7% @ 55 full formula for local miscellaneous members. When calculating retirement benefits for TIER 1 EMPLOYEES, the period used to determine the average monthly pay rate shall ~~continue to be~~ the 12 highest paid consecutive months, pursuant to California Government Code section 20042.

~~A.~~ ~~b.~~ Effective in the first full pay period following approval and adoption of this Agreement July 1, 2020, the Employer Paid Member Contribution (EPMC) benefits provided under Government Code section 20691 shall be discontinued; the City shall no longer pay any portion of the required normal member contribution equal to 8% of pensionable income. The entire 8% member contribution shall be paid by each affected employee. Effective July 1, 2020, each affected employee shall no longer reimburse the City for any payment for the cost of retirement benefits as previously provided in MOU Contract No. 9495, paragraph 1.c. On said date, the City shall reduce the retirement contribution for affected employees from 9.23% to 8%.

B. The City will reimburse TIER 1 EMPLOYEES, on an individually calculated basis, for all payments made toward the additional cost of EPMC in the employee's paycheck, unless the employee directs the payment into a deferred compensation account. Additionally, the City will pay a \$3 million signing bonus in the second full pay period of fiscal year 2022-2023, to be evenly distributed among TIER 1 EMPLOYEES. The schedule for the EPMC repayments

and the signing bonus shall be as follows:

1. Year 1 (2020): Effective the ~~second~~^{first} ~~second~~ full pay period of ~~fiscal year~~^{July 2020-2021}, TIER 1 EMPLOYEES will receive a \$500 ~~payment deposit into a deferred compensation account~~, or the remaining balance of EPMC contributions, whichever is less.
2. Year 2 (2021): Effective the ~~second~~^{second} ~~first~~ full pay period of ~~fiscal year~~^{July 2021-2022}, TIER 1 EMPLOYEES will receive a \$500 ~~payment deposit into a deferred compensation account~~, or the remaining balance of EPMC contributions, whichever is less.
3. Year 3 (2022): Effective the ~~second~~^{second} ~~first~~ full pay period of ~~fiscal year~~^{July 2022-2023}, the City will pay TIER 1 EMPLOYEES a \$3 million signing bonus to be evenly distributed among TIER 1 EMPLOYEES.
4. Year 4 (2023): Effective the ~~second~~^{second} ~~first~~ full pay period of ~~fiscal year~~^{July 2023-2024}, TIER 1 EMPLOYEES will receive a ~~payment deposit into a deferred compensation account~~ for the value of 55% of the remaining EPMC repayment balance.
5. Year 5 (2024): Effective the ~~second~~^{second} ~~first~~ full pay period of ~~fiscal year~~^{July 2024-2025}, TIER 1 EMPLOYEES will receive a ~~payment deposit into a deferred compensation account~~ for the value of 80% of the remaining EPMC repayment balance.
6. Year 6 (2025): Effective the ~~second~~^{second} ~~first~~ full pay period of ~~fiscal year~~^{July 2025-2026}, TIER 1 EMPLOYEES will receive a ~~deposit into a deferred compensation account~~^{payment} for the value of 100% of the remaining EPMC repayment balance.

C. TIER 1 EMPLOYEES must be employed by the City ~~at the time of the deposit and/or payment on~~ July 1 of each payment year in order to receive the EPMC repayments and/or the signing bonus.

D. TIER 1 EMPLOYEES who choose to have the EPMC repayment and signing bonus deposited into a 457 deferred compensation account shall be subject to the contribution limits established by the Internal Revenue Service. ~~The City shall continue to implement Government Code Section 20636(c)(4) pursuant to Section 20691 to pay and report the value of Employer Paid Member Contributions (EPMC).~~

E. The 8% employee-paid contribution shall be made through payroll deductions on a pre-tax basis.

~~_____ c. Pursuant to California Government Code Section 20516(f), which allows CalPERS agencies to share the cost of additional retirement benefits with employees, TIER 1 EMPLOYEES shall continue to reimburse the City a total of 6.7% of their compensation reportable to CalPERS toward the mandatory employer contribution. These monies will continue to be used to reimburse the City for the additional cost associated with implementing the CalPERS 2.7% @ 55 full retirement formula option for miscellaneous City employees.~~

~~d. Effective immediately upon the adoption of this Memorandum of Understanding, the reimbursements described in paragraph 1c. above shall be made through payroll deductions on a pre-tax basis. The City will apply pre-tax treatment of contributions retroactively to July 1, 2011. Between the execution of this agreement and December 31, 2011, the City will continue to explore if a technologically and financially feasible means of applying retroactivity back to January 1, 2011 is possible. The City will notify the Coalition of Santa Monica City Employees by December 31, 2011 if there are no feasible means to apply the pre-tax treatment retroactively prior to July 1, 2011. The City's determination shall be final.~~

~~e. The City shall seek an opinion from a qualified tax expert by October 17, 2011 regarding the federal and California income tax treatment of CalPERS retired annuitants' benefits as to their after-tax reimbursements of 6.7% of their compensation reportable to CalPERS (described in paragraph 1c. above) which they made to the City prior to implementation of the pre-tax treatment (describe in paragraph 1d. above). The opinion shall be provided in writing to the Coalition of Santa Monica City Employees no later than December 31, 2011.~~

~~f. The terms contained in this Paragraph I shall be effective from July 1, 2011 to June 30, 2017, except as otherwise provided in this agreement.~~

2.03 ~~II.~~ The terms and conditions for eligible TIER 2 EMPLOYEES shall be:

~~Aa. A second retirement tier will be established for employees hired on or after July 1, 2012 whereby all non-sworn miscellaneous TIER 2 employees will be covered by the optional CalPERS benefit set forth in Section 21354 of the California Government Code, which established a 2.0% @ 55 full formula for active local miscellaneous members only. W~~

~~b. Effective July 1, 2012, Section 20042 of the California Government Code, which uses the 12 highest paid consecutive months as the period for determining the average monthly pay rate when calculating retirement benefits will not apply for TIER 2 EMPLOYEES; instead, the period used to determine the average monthly pay rate shall calculate retirement benefits will be the 36 highest paid consecutive months pursuant to California Government Code Section 20037.~~

2.04 The terms and conditions for eligible Tier 2 employees shall be pursuant to previously executed MOUs between the parties.

2.04 The terms and conditions for Employees hired on or after January 1, 2013, who are "New Members" as defined in the Public Employees' Pension Reform Act of 2013 (Government Code Section 7522.04(f)), shall be governed by applicable law.

are provided the following retirement benefits:

~~—A. 2.0% @ 62 retirement formula (Gov. Code § 7522.20);~~

~~—B. Final Compensation Period—Three Years (Gov. Code § 20037);~~

~~—C. “New Members” shall be required to contribute at least one-half of the total normal cost as calculated and established in the annual CalPERS valuation report. Should the total normal cost of the plan change by one percent or more from the base total normal cost established for the plan, the new member rate shall be 50% of the new normal cost rounded up to the next highest quarter percent.~~

~~—c. Effective July 1, 2012, the City will not contribute the 7% of the mandatory TIER 2 EMPLOYEE 's contribution of reportable earnings to CalPERS on behalf of the employee. Employees hired after this date will contribute, on a pre-tax basis, the mandatory 7% employee contributions to CalPERS.~~

~~—d. For TIER 2 EMPLOYEES, the City will not implement Government Code Section 20636(c)(4) pursuant to Section 20691 to pay and report the value of Employer Paid Member Contributions (EPMC).~~

~~—e. The terms of the Agreement as stated in Paragraphs 2a. through 2d. above (relating to TIER 2 EMPLOYEES) will be effective from July 1, 2012 through June 30, 2017.~~

2.05 ~~III.~~—Employees with CalPERS membership who leave City employment under the TIER 1 2.7% @ 55 full retirement formula and return to City employment on or after July 1, 2012 will be re-enrolled, if eligible, under the appropriate formula as determined by CalPERS regulations at the time of rehire.

2.06 ~~IV.~~—The terms and conditions pertaining to other optional CalPERS benefits, including but not limited to Fourth Level of 1959 Survivor Benefit as set forth in Section 21574 of the California Code and the Pre-Retirement Optional Settlement 2 Death Benefit as set forth in Section 21548 of the California Code, will apply to all TIER 1 EMPLOYEES and TIER 2 EMPLOYEES.

~~V. Except as provided in Paragraph VI, neither the City nor the Coalition (individually or represented employees covered by this agreement) may seek to modify or change the provisions of this agreement during its term unless mutually agreed upon.~~

~~VI. Should any change be made in any Federal or State law, or in any rules and regulations implementing such legislation, which would be contrary to any provision of this agreement, then such provision will be subject to reopening, but the remainder of this MOU shall remain in full force and effect. In addition, in the event of impending changes in the law, the parties shall immediately commence to negotiate for the purpose of replacing any~~

~~provision which may be changed or rendered invalid or illegal.~~

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be executed ~~March~~~~September~~ May April, 202011.

By:

COALITION OF SANTA MONICA CITY EMPLOYEES

PRESIDENT

NON-SWORN CITY EMPLOYEE BARGAINING UNITS:

MANAGEMENT TEAM ASSOCIATES

~~Robert Trimborn~~Gary Carter, President

SUPERVISORY TEAM ASSOCIATES

~~Darrell Baker~~Danny Price,
President

ADMINISTRATIVE TEAM ASSOCIATES

~~Liz Bar-Ei~~Benjamin Steers, President

PUBLIC ATTORNEYS UNION

~~Yibin Shen~~Gary Rhoades,
PAU Representative

MUNICIPAL EMPLOYEES ASSOCIATION

~~April Hansen~~Sheri Batalla, President
Wong, EPP Representative

EXECUTIVE PAY PLAN

~~Greg Mullen~~Patty

**PUBLIC ATTORNEYS'
LEGAL SUPPORT STAFF UNION**

Bradley Michaud, PALSSU Representative

**UNITED TRANSPORTATION UNION
(SMART-TD) LOCAL 1785**

~~Adhi Reddy~~Erskins Robinson, General
Chairman

TEAMSTERS

Carlos Rubio, Business Representative

By:

CITY OF SANTA MONICA

APPROVED AS TO FORM:

~~Red Gould~~ Lane Dilg Rick Cole, City Manager

Marsha Jones ~~Moutrie Lane Dilg~~ George S. Cardona

Interim City Manager

Interim City Attorney

Attest:

~~Maria Stewart~~ Denise Anderson-Warren
City Clerk