

**CITY OF FOUNTAIN VALLEY AND
THE ORANGE COUNTY EMPLOYEES ASSOCIATION
FOR THE PROFESSIONAL/TECHNICAL UNIT
SIDE LETTER AGREEMENT
REGARDING EMPLOYEE CONTRIBUTION TO CALPERS**

The Memorandum of Understanding between the City of Fountain Valley and the Orange County Employees' Association for the Professional/Technical Unit effective from July 1, 2021 through June 30, 2024 shall include the addition of:

Article 7 - Retirement. Section 7.02- Employees Hired on August 15, 2010 or Earlier.

Section 7.02 will be repealed in its entirety and replaced with the following:

Section 7.02 - Employees Hired August 15, 2010 and Earlier: Employees hired as a full-time employees on or prior to August 15, 2010 and earlier will be covered under the 2.5% at 55 formula with the benefits specified below.

| <u>Provision</u> | <u>Government Code Section</u> |
|--------------------------------------------------------------------------------------------|---------------------------------------|
| 2.5% at 55 formula – Effective October 8, 2005 | 21354.4 |
| One Year Final Compensation (Single Highest Year) | 20042 |
| Service Credit for Unused Sick Leave | 20965 |
| 2% Cost-of-Living | 21329 |
| Post Retirement Survivor Allowance | 21624, 21626, and 21635 |
| Fourth Level of 1959 Survivor Benefit | 21574 |
| Pre-Retirement Optional Settlement 2 Death Benefit | 21548 |
| Public Service Credit for Periods of Layoff | 21022 |
| Public Service for Peace Corps or America Corps: VISTA Service | 21023.5 |
| Military Service Credit as Public Service | 21024 |
| Public Service Credit for Service Rendered to a Non-Profit Corporation | 21026 |
| Military Service Credit for Retired Persons | 21027 |
| Local System Service Credit included in Basic Death Benefit | 21536 |
| Cancellation of Payments for Service Credit Purchase upon Industrial Disability Retirement | 21037 |

Employee Contribution. Employees agree to share the cost of their retirement benefit on a pre-tax basis by paying the full 8% employee contribution. It is the intent of the parties to accommodate employees' desire that said sums may be deducted on a pre-tax basis as deferred income for federal and state tax purposes. The parties believe the contribution may be deducted on a pre-tax basis because the City has filed the CalPERS IRS Code section 414(h)(2) resolution. However, any income tax obligations or penalties

arising from such tax treatment shall be the exclusive responsibility of the employee. The City shall not be responsible for any adverse tax treatment for the employees. The City has made no representation regarding such tax treatment and employees shall seek such advice from their personal tax advisors regarding such matters.

In addition to the 8% employee share referenced above, "Classic"/Tier One employees have agreed to pay an additional pension contribution of one and one half percent (1.5%) as cost sharing in accordance with Government Code section 20516(b), for a total employee pension contribution of nine and one half percent (9.5%) by the end of this contract. The cost sharing will increase according to the following schedule:

| <i>Adjustment Effective Date</i> | <i>Employee Share</i> |
|-----------------------------------------------------------|-------------------------------|
| Pay Period following CalPERS approval of amended contract | 8.5% (0.5% employee increase) |
| Pay Period Ending July 8, 2022 | 9.0% (0.5% employee increase) |
| Pay Period Ending July 7, 2023 | 9.5% (0.5% employee increase) |

City Contribution. The City agrees to pay the employer contribution to CalPERS minus the amount paid by the employee through the cost sharing agreement.

All other provisions of the Memorandum of Understanding between the City of Fountain Valley and the Orange County Employees' Association for the Professional/Technical unit shall remain in full force and effect unless specifically modified or amended.

The parties hereto have caused this Side Letter Agreement to be executed this 13th day of October 2021.

ORANGE COUNTY EMPLOYEES'
ASSOCIATION FOR THE
PROFESSIONAL/TECHNICAL UNIT


CITY OF FOUNTAIN VALLEY

By: 

Temo Galvez

By: 
Rob Houston (Oct 13, 2021 10:14 PDT)

Rob Houston, City Manager

By: 

Mark Sprague

APPROVED AS TO FORM:



Colin Burns, Attorneys for the City










Professional and Technical Unit Represented Side Letter 2021. Revised signature date 10.13.21

Final Audit Report

2021-10-13


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 Agreement completed.

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