

AMENDMENT #3 TO

**THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF SANTA ROSA AND FIREFIGHTERS
LOCAL 1401 FOR AND ON BEHALF OF THE EMPLOYEES IN THE CITY'S UNIT 2—FIREFIGHTING FISCAL
YEARS 2006/2007 THROUGH 2011/2012**

This Amendment #3 dated July 12, 2011 is between the City of Santa Rosa ("City") and Unit 2 – Firefighting, represented by the Santa Rosa Firefighters Local 1401 ("Union").

RECITALS

Whereas, on August 8, 2006, the City Council adopted Resolution No. 2663 ratifying the Memorandum of Understanding between the City and Santa Rosa Firefighters Local 1401 for Fiscal Years 2006/2007 through 2011/2012 ("Agreement").

Whereas, on August 3, 2008 the City entered into Amendment #1 and on October 12, 2010 the City and the Union entered into Amendment #2

Whereas, the City and Union representatives met and conferred and reached agreement regarding salary concessions for Fiscal Year 2011/2012 and 2012/2013.

Therefore, in order to implement the items agreed to as a result of meet and confer, the Memorandum of Understanding for Unit 2—Fire Fighting shall be amended as follows:

AMENDMENT #3

Article 6 **RENEGOTIATIONS** is hereby amended to read as follows:

In the event either party desires to renegotiate a successor Agreement, such party shall serve upon the other during the period January 1 to January 31, within any year relevant hereto, its written request to begin negotiations. Formal negotiations shall begin no later than February 1, 2013.

The Union and the City shall meet and confer, upon the City's request, on a two-tiered retirement during FY 2011/2012, no later than July 1, 2012.

Article 7 **TERM** is hereby amended to read as follows:

This Agreement shall become effective on July 1, 2006, except as otherwise specifically provided herein, and shall terminate at twelve (12) midnight on June 30, 2013.

Article 13 **SALARIES** Articles 13.3.7 through 13.3.9 are hereby amended to read as follows:

13.3.7 Effective July 3, 2011 the Union shall receive the salary increase of 3.5 % described in 13.3.5 as amended and agrees to pay 3% of PERSable compensation, excluding the value of EPMC, to the City for the PERS Employer cost of the optional benefit of 3%@50, according to California Code Section 20516(f).

13.3.8 Effective July 3, 2011, the COLA increase described in Article 13.3.6 is agreed to be 2.5% . The Union shall defer said increase to July 1, 2012.

13.3.9 Effective July 1, 2012, the Union will receive the salary increase described in 13.3.8 and agrees to pay 2% of PERSable compensation, excluding the value of EPMC, to the City for PERS Employer cost of the optional benefit of 3%@50, according to California Code Section 20516(f).

ARTICLE 37 HEALTH INSURANCE

Article 37.7 is hereby amended to read as follows:

37.7 Effective July 5, 2009 the Union shall contribute 4.15% of base salary to the cost of health premiums. This 4.15% of base salary paid toward the cost of health care premiums shall sunset at 12:00 midnight on June 30, 2013. (For the purposes of calculating the contribution, base salary for Training Captain shall include premium pay for the Training Assignment as described in Article 25.2.3).

Article 37.7, 37.8 and 37.9 are renumbered Articles 37.8, 37.9 and 37.10

37.8 Retirees are eligible for health insurance through PERS. For retirees, the City has elected the unequal contribution method. This means the City contribution toward retiree health insurance shall be pursuant to the provisions of the California Public Employees' Retirement Law, Section 22892 © under the unequal method.

37.9 Part-time employees may elect to participate in health insurance plans and the City will contribute a percentage of the amount equaling the employee's authorized position full-time equivalent (FTE) towards the selected coverage. The part-time employee will be responsible for the balance of the premium through payroll deductions. If the part-time employee does not select coverage, no cash payment will be made in lieu of the insurance. Part-time employees will have a one time option to participate subject to certain provisions of the law.

37.10 The City acknowledges Labor Code section 4856 which declares the employer will provide to the spouse and dependents of a Firefighter or Peace Officer who dies in the line of duty, health benefits as prescribed by law.

ARTICLE 44 RETIREMENT

Article 44.7 is hereby amended to read as follows:

44.7 The City shall report 9% (effective July 1998) EPMC to PERS as additional compensation for retirement purposes as provided in GC Sections 20636 and 20691, and is for the rate of classifications in the Unit. Such reporting will continue only to the extent permitted by the PERS laws. Further, if changes to the PERS laws require that the EPMC be reduced, only the remaining EPMC will be reported to PERS as additional compensation for retirement purposes; and, if such changes require that the EPMC be eliminated, no additional compensation shall be reported to PERS.

Articles 44.8 and 44.9 are renumbered Articles 44.12 and 44.13, and new Articles 44.8 through 44.11 are added to read as follows:

44.8 Cost-sharing contributions: The cost-sharing described in Articles 44.9 and 44.10 below are made under section 20516(f) of the California Public Employees' Retirement Law (PERL). In accordance with section 20516(f), the City and Union agree that employees' cost-sharing contributions will fund the cost of the 3%@50 benefit, an "optional benefit" provided to employees effective July 1, 2001. According to the CalPERS actuary, the maximum allowable cost sharing for that benefit is 10.790% of employees' compensation earnable (i.e., PERSable compensation, excluding the value of EPMC) through June 30, 2021. Accordingly, the maximum employee cost-sharing contributions will not exceed 10.79% of employees' PERSable compensation, excluding the value of EPMC. The cost-sharing described in Articles 44.9 and 44.10 will not be documented in a contract amendment with PERS; accordingly, the cost-sharing contributions under those Articles will not be treated as member contributions for PERS purposes. The City will adopt a 414(h)(2) pick-up resolution, characterizing the cost-sharing contributions as pre-tax Employer contributions for federal income tax purposes.

44.9 Effective July 1, 2011, the Union shall contribute 3% of PERSable compensation, excluding the value of EPMC, for the Employer cost of the optional benefit known as 3%@50. The 3% amount will be deducted from City pay and no employee may elect to receive cash in lieu of the contribution.

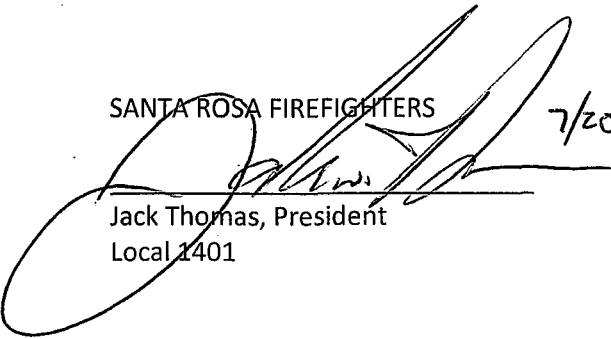
44.10 Effective July 1, 2012, the Union shall contribute 2% of PERSable compensation, excluding the value of EPMC, for the Employer cost of the optional benefit known as 3%@50. The 2% amount will be in addition to the 3% cost-sharing contribution required under Article 44.9. In addition the 2% amount will be deducted from City pay and no employee may elect to receive cash in lieu of the contribution.

44.11 If PERS law eliminates the City's ability to pay the 9% Employer Paid Member Contribution (EPMC) under Article 44.6.5, the Union shall pay the full 9% member contribution to PERS. In such event, the City shall pay the Fire Fighters for one half of the EPMC payment (4.5% of PERSable compensation, excluding the value of EPMC), as salary, and Employer cost-sharing as outlined in Article 44.9 and 44.10 shall be converted into payment of toward the employees' mandated contribution, and credited as a member contribution.

All other terms and conditions of the Memorandum of Understand, as amended, shall remain in effect except as specifically provided herein to the contrary.

SANTA ROSA FIREFIGHTERS

7/20/2011



Jack Thomas, President
Local 1401

CITY OF SANTA ROSA



Ernesto Olivares, Mayor
City of Santa Rosa