

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** Deborah S. Traffenstedt, Administrative Services Director *DST*

**DATE:** November 1, 2007 (CC Meeting of 11/7/07)

**SUBJECT:** Consider Addendum to Memorandum of Understanding (MOU) with Service Employees International Union AFL-CIO, CLC Local 998 to Amend Section 503, Retirement Health Savings Benefit

**BACKGROUND**

On June 21, 2006, the City Council approved a Memorandum of Understanding (MOU) ending June 30, 2008, with Service Employees International Union AFL-CIO, CLC Local 998. The Union has requested amendment of the retirement health savings benefit provisions in Section 503 of the MOU, and a draft Addendum to the MOU has been prepared (see Attachment 1, draft Addendum, and Attachment 2, amendment request from SEIU).

**DISCUSSION**

Staff supports revising Section 503 of the MOU as requested by the Union. The requested revision to the language in Section 503 of the MOU is in response to recent changes mandated by the Internal Revenue Service that have made the Retirement Health Savings Plan (RHSP) deferred compensation program less attractive in comparison to other deferred compensation plans, such as the 457. One such change to the RHSP includes a restriction on beneficiaries. For example, if an employee enrolled in a RHSP deferred compensation plan died without a spouse or dependent child or parent, the assets in their plan account could not go to any other beneficiary. There are also new restrictions on use of the funds, as well as the requirement that all elective features must be removed. Only mandatory contribution amounts may be continued. As a result, staff is recommending that the MOU be amended to allow the retirement health savings benefit payment to be deposited into an employee's 457 deferred compensation plan account, or if the maximum contribution limit for the year (including catch-up provision) has been reached, the retiring employee may elect to receive the retirement health savings benefit payment in cash. Section 503 is proposed to be amended as shown through the use of legislative format as follows:

**Sec. 503 RETIREMENT MEDICAL BONUSHEALTH SAVINGS BENEFIT:** This retirement benefit applies to regular full-time employees and any regular part-time employee provided the same medical insurance benefit as a full-time employee for the employee portion of the City's contribution. At the time of voluntary separation for retirement from the City's retirement system (CalPERS), and after no less than 15 years (180 months) of

cumulative service with the City of Moorpark, the City shall pay \$75.00 for each full month of service into the ~~E~~mployee's Retirement Health Savings Plan (RHSP)457 deferred compensation account, and after no less than 20 years (240 months) of cumulative service with the City of Moorpark, the City shall pay \$100.00 for each full month of service into the ~~E~~mployee's RHSP457 deferred compensation account. Regular part-time employees must complete the same number of hours required for a full-time employee to be eligible for RHSPthe retirement health savings benefit contribution, at a ratio determined by the actual number of hours worked, including paid leave, with two thousand eighty (2,080) hours equivalent to one (1) year of service.

~~One exception to the cumulative service provisions stated in the preceding paragraph shall be that for any regular employee with no less than 15 years (180 months) of cumulative service with the City of Moorpark, who retires by June 30, 2007, the City shall pay \$100.00 for each full month of service into the Employee's RHSP.~~

If the retiring employee has already reached the maximum contribution limit for the year in their deferred compensation plan account, including catch-up provision, he/she may elect to receive the retirement health savings benefit payment in cash upon approval of the City Manager.

The City Council approved similar changes to the retirement health savings benefit in the Management Benefits Resolution in July 2007.

Staff is requesting that the City Council authorize the City Manager to sign the Addendum to the MOU, with the final language to be approved by the City Manager.

### **STAFF RECOMMENDATION**

Authorize the City Manager to sign the Addendum to the MOU with the final language to be approved by the City Manager.

#### Attachments:

1. Draft Addendum to MOU
2. MOU Amendment Request from SEIU dated 10/31/07

**DRAFT**

**ADDENDUM TO JUNE 2006 MEMORANDUM OF  
UNDERSTANDING BETWEEN SERVICE  
EMPLOYEES INTERNATIONAL UNION AFL-CIO,  
CLC, LOCAL 998, AND CITY OF MOORPARK**

THIS ADDENDUM to the Memorandum of Understanding, made and entered into this \_\_\_ day of November, 2007, by and between Service Employees International Union AFL-CIO, CLC, Local 998 ("Local 998") and the City of Moorpark ("City"), a Municipal corporation, located in the County of Ventura, State of California, which is entered into with reference to the following recitals.

**RECITALS**

WHEREAS, Local 998 entered into a Memorandum of Understanding ("MOU") with the City, effective from date of ratification by both the employees and the City Council in June 2006 up to and including Midnight, June 30, 2008; and

WHEREAS, on November 7, 2007, the City Council authorized the City Manager to approve an amendment to the MOU to incorporate revisions to the retirement health savings benefit provisions in Section 503.

**NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, BENEFITS AND PREMISES CONTAINED HEREIN, THE PARTIES AGREE TO THE FOLLOWING REVISIONS TO THE MOU:**

Section 503 of the MOU is hereby amended in its entirety and is replaced with the following language:

**Sec. 503 RETIREMENT HEALTH SAVINGS BENEFIT:** This retirement benefit applies to regular full-time employees and any regular part-time employee provided the same medical insurance benefit as a full-time employee for the employee portion of the City's contribution. At the time of voluntary separation for retirement from the City's retirement system (CalPERS), and after no less than 15 years (180 months) of cumulative service with the City of Moorpark, the City shall pay \$75.00 for each full month of service into the employee's 457 deferred compensation account, and after no less than 20 years (240 months) of cumulative service with the City of Moorpark, the City shall pay \$100.00 for each full month of service into the employee's 457 deferred compensation account. Regular part-time employees must complete the same number of hours required for a full-time employee to be eligible for the retirement health savings benefit, at a ratio determined by the actual number of hours worked, including paid leave, with two thousand eighty (2,080) hours equivalent to one (1) year of service.

If the retiring employee has already reached the maximum contribution limit for the year in their deferred compensation plan account, including catch-up provision, he/she may elect to receive the retirement health savings benefit payment in cash upon approval of the City Manager.

Except as amended by this Addendum, all of the provisions of the MOU shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to the MOU between Local 998 and the City to be executed the day and year first above written.

ON BEHALF OF THE CITY:

ON BEHALF OF LOCAL 998:

\_\_\_\_\_  
Steven Kueny, City Manager

\_\_\_\_\_  
Danny Carrillo, SEIU Local 998  
Member Representative

ATTEST:

\_\_\_\_\_  
Deborah S. Traffenstedt  
City Clerk

\_\_\_\_\_  
John Casillas, SEIU Local 998  
Unit Representative

\_\_\_\_\_  
Teresa Jones, Local 998  
Unit Representative

\_\_\_\_\_  
Mario Riley, Local 998  
Elected Negotiator



October 31, 2007

Steven Kueny  
 City Manager  
 City of Moorpark  
 799 Moorpark Ave.  
 Moorpark, CA 93021

**Re: Request to Reopen MOU, Section 503, Retirement Medical Bonus**

Dear Mr. Kueny:

At a recent SEIU membership meeting, members voted to discontinue participating in the current Retirement Health Savings Plan (RHSP) due to upcoming changes and certain program restrictions.

SEIU would like to reopen the current MOU, Section 503, Retirement Medical Bonus. SEIU would also like to discuss changing the present City procedure of City contributions into the RHSP and directing these contributions into another deferred compensation plan such as the 457. We understand this change was recently made for the management unit and feel your General Bargaining Unit employees would better benefit with this change also.

All current language in this Section could remain the same other than the placement of these contributions; a 457 Plan instead of the RHSP.

Please contact me when we may be able to meet to further discuss this request. Members of the past bargaining team would also be involved with these discussions. I can be reached at (805) 644-8291 ext. 23 or by email at [danny.carrillo@seiu721.org](mailto:danny.carrillo@seiu721.org).

Sincerely,

Danny Carrillo  
 SEIU Worksite Organizer

SERVICE EMPLOYEES  
 INTERNATIONAL UNION  
 AFL-CIO

2472 Eastman Avenue  
 Unit 30  
 Ventura, CA 93003  
 805 644 8291  
 Fax 805 644 7843

C: Sandra Stewart, SEIU Ventura Regional Director  
 SEIU City of Moorpark Stewards  
 Deborah S. Traffenstedt, Administrative Services Director