



County of Solano
&
IUOE – Stationary Engineers, Local 39
2022 Contract Negotiations
8/4/22
Local 39 Proposal # 09 – Amended

Local 39 reserves the right to alter, amend, modify, add to or subtract from the foregoing proposals as may be required during the course of negotiations.

6.10 Retirement

A. PERS Contract.

Subject to the terms of this **subsection 6.10**, the County will maintain its contract with the State Public Employees' Retirement (PERS) and the benefits currently provided there under.

B. PEPRA Tier.

The County implemented a new Miscellaneous Member pension tier for this bargaining unit, in accordance with and subject to the terms of the Public Employee Pension Reform Act of 2013. The new pension tier is referred to in this MOU as the "PEPRA Miscellaneous tier."

C. PEPRA Basic Retirement Formula.

For employees required by law to participate in the PEPRA Miscellaneous tier, the PEPRA established a pension formula of two percent (2%) of pensionable compensation for each qualifying year of service at the normal retirement age of sixty-two (62) years. For purposes of this formula, PERS will calculate an eligible retiree's pension based on the average annual pensionable compensation earned by the member during the thirty-six (36) consecutive month period immediately preceding retirement (or date of last separation from service if prior to retirement) or any other period of thirty-six (36) consecutive months during the member's applicable service that the member designates.

D. Disputes Over PEPRA.

If an employee or the Union disputes the manner in which the County applies the PEPRA Tier to a bargaining unit member, neither the Union nor employee may submit the matter as a grievance under the Grievance Procedure set forth in **section 19** below. However, nothing herein shall preclude the complaining employee or

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Union, jointly or independently, and the County Counsel of Solano County from agreeing in writing to submit the dispute to binding arbitration on such terms as they may mutually agree in writing. If any term of this MOU conflicts with the PEPRAs or any amendment thereto, the PEPRAs or such amendment will prevail.

E. Pre-PEPRA 2.7% at Age 55 Formula Tier.

The County's contract with the Public Employees Retirement System provides Miscellaneous Retirement (2.7% @ age 55) for employees in the bargaining unit who are not required by law to participate in the PEPRAs Tier and who are not participants in the formula described in **6.10.F** below.

F. Pre-PEPRA Tier 2 (2% at Age 60 Formula).

The County amended its contract with CalPERS to provide employees hired on or after May 4, 2012 in bargaining unit classifications with a Miscellaneous formula of 2% @ age 60 in lieu of the 2.7% at age 55 formula described in **subsection 6.10.E** above. This provision applies to employees who are not eligible under the County's contract with PERS to participate in the pension tier described in paragraph **6.10.E** above and who are not required by law to participate in the PEPRAs tier described in paragraph **6.10.C** above.

G. Employee Payment of PERS Member Contributions.

1. PEPRA Member Contributions.

Members of the PEPRAs Tier will contribute toward the PEPRAs Tier employee contribution in an amount equal to not less than fifty percent (50%) of the normal cost of the new tier, as determined from time to time by PERS, or the amount of the contribution provided by this MOU for members of the PEPRAs Tier, whichever is greater. Such contribution will be made by payroll deduction.

2. Non-PEPRA Member Contribution.

a. 2.7 at 55 Miscellaneous Tier.

Miscellaneous PERS member employees subject to the pre-PEPRAs formula described in paragraph **6.10.E** above will, by payroll

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deduction, contribute the entire eight percent (8%) PERS employee Member contribution.

b. 2.0 at 60 Miscellaneous Tier.

Miscellaneous PERS member employees subject to the pre-PEPRA formula described in paragraph 6.10.F above will, by payroll deduction, contribute the entire seven percent (7%) PERS employee Member contribution.

3. Employee Payment For Pre-PEPRA Formula Enhancement.

In November 2002, the County amended its contract with PERS to provide for the above-referenced 2.7% @ 55 retirement formula. The cost of this benefit was established by PERS (\$ 75,036,452). The Parties agreed that such cost would be the responsibility of the employees. The county agreed to allow the employees to pay for that plan enhancement by payroll deduction with the cost amortized over twenty (20) years. That payment will continue to take the form of a percentage deduction made from the paycheck of each employee in the unit hired prior to January 1, 2013, until the five hundred and twentieth (520th) pay period from the date of employees first deduction (pay period end date of November 12, 2022), after such time employee deduction shall cease above established cost has been recovered. Each year (July) the County will calculate the amount due for the subsequent 26 pay periods, based on the formula presented during negotiations (see Appendix D).

~~4. Employee Payment of Employer Contributions.~~

~~If the County's PERS Miscellaneous employer rate for any of the above-referenced pension formulas exceeds fourteen percent (14%) of PERSable compensation, employees and the County shall share equally the amount that exceeds fourteen percent (14%) but is equal to or less than sixteen percent. The County will pay the entirety of contributions that exceed sixteen percent (16%) of pensionable compensation. This provision is sunset effective January 1, 2017.~~

54. Pre-Tax Treatment PERS Member Contributions.

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To the extent permitted by applicable law, employee contributions toward the Employee's or County's PERS contributions made pursuant to this MOU will be deducted on a pre-tax basis pursuant to and in accordance with section 414(h)(2) of the Internal Revenue Code.

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