c. All current employees who retire and become eligible for a Grant shall be provided a one time opportunity of thirty (30) days to enroll in a County offered retiree health plan from the date they retire. Should a retiree fail to enroll during the aforementioned thirty (30) day period or should he or she terminate coverage or fail to make necessary payments, the retiree and dependents shall forfeit any right to a Grant, if eligible, and enrollment in a County offered retiree health plan.

B. Retiree Medical Plan Lump Sum; Termination; Phase Out

1. An employee who was employed by the County prior to June 23, 2006 and who separates from County service prior to meeting the eligibility requirements for the Grant shall receive a lump sum (Lump Sum benefit) cash payment in accordance with C.2 below. The Plan Lump Sum benefit is terminated for all new County employees hired on or after June 23, 2006.

2. An employee who is employed by the County prior to June 23, 2006 who thereafter separates from the County and who does not qualify for a Grant shall receive a Lump Sum benefit equal to one percent (1%) of his or her final average hourly compensation multiplied by his or her qualified hours of service after August 1, 1993 and prior to June 23, 2006. The final average hourly compensation shall be calculated on base salary over the six thousand two hundred forty (6240) regularly paid hours immediately proceeding June 23, 2006.

3. Receipt of the Grant shall permanently revoke any claim to a Lump Sum benefit even if the retiree subsequently terminates participation in a County-offered health plan and/or Grant. Receipt of the Lump Sum benefit shall permanently revoke any claim to the Grant.

C. Eligibility Requirements for Retiree Medical Grant

1. Retiree must be actively retired from the County of Orange and receiving a monthly retirement allowance from the Orange County Employees Retirement System (OCERS).

2. Retiree must have retired with at least ten (10) years of credited County service except as provided in C.2.a.,b.,c., and d. below:

   a. A retiree who receives a service-connected disability retirement pension under OCERS shall be eligible for a Grant equal to either ten (10) years of service or actual years of credited County service, whichever is greater.

   b. A retiree with a minimum of five (5) years of credited County service who receives a non-service connected disability retirement pension under OCERS shall be eligible for a Grant based on actual years of credited County service. An employee with less than five (5) years of credited County service who receives a non-service connected disability retirement pension under OCERS shall not be eligible for a Grant.

c. A separated employee who has less than ten (10) years of credited County service or is under normal retirement age and has requested a service or non-service connected disability retirement pension under OCERS shall not be eligible to receive either the Grant or the Lump Sum benefit until a determination of disability status is made by the Orange County Board of Retirement.

d. A separated employee who receives a Lump Sum benefit pursuant to this Section shall be ineligible for the Grant if, at a later date, the Orange County Board of Retirement grants a disability retirement.

3. All eligible retirees and enrolled dependents who are age sixty-five (65) or older must be enrolled in Medicare Part B in order to be eligible for the Grant. All eligible retirees and dependents who are entitled to Medicare Part A coverage without a premium must be enrolled in Medicare Part A to be eligible to receive the Grant.

4. <u>Deferred Retirement</u>

a. An employee who, upon separation from County service, is eligible for paid retirement and elects deferred retirement must defer participation in the Grant until such time as he or she becomes an active retiree.

b. An employee who is not eligible for paid retirement at the time he or she separates from County service and elects deferred retirement status shall not become eligible for participation in the Grant.

5. For purposes of this Section, a full year of credited service shall be based upon those regular hours the employee worked for the County as a regular, limited-term and/or probationary employee. Two thousand eighty (2080) regular hours, exclusive of overtime, shall equal one (1) full year of service. Hours of service performed in periods before August 1, 1993, shall be counted toward credited service only if the employee has been continuously employed by the County from August 1, 1993 until his or her retirement.

D. <u>Survivor Benefits</u>

1. A surviving dependent of a retiree who was eligible to receive a Grant and who qualifies for a monthly retirement allowance shall be eligible for fifty (50) percent of the Grant authorized for the retiree.

2. A surviving eligible retiree who qualifies for a monthly retirement allowance who was married to a retiree who was also eligible for a Grant shall receive the survivor benefit described in D.1., above, or his or her own Grant, whichever is greater. Such retiree shall not be eligible for both Grants.

E. <u>Transition from County Retiree Medical Grant to an OCEA-Administered Retiree Medical Trust</u>

The County and OCEA agree to an immediate reopener, within two weeks of the adoption of this MOU by the Board of Supervisors, to discuss the possible transition of OCEA-represented County employees from the County's Retiree Medical Grant into an OCEA-administered Retiree Medical Trust (OCEA RMT) based on the following:

1. The OCEA RMT shall be a Voluntary Employees Beneficiary Association (VEBA) formed pursuant to Internal Revenue Code Section 501(c)(9) or similar plan.

2. As part of any transition, the County shall initially transfer to the OCEA RMT the agreed upon "Actives" portion of allocated assets of the current County Retiree Healthcare Plan.

3. As part of any transition, the County shall make recurring contributions to the RMT, consistent with the County's Actuarially Determined Contribution (ADC) as of June 30, 2019.

4. OCEA agrees to provide an actuarial projection based on reasonable actuarial assumptions which supports the goal of the OCEA RMT providing a benefit comparable to the current County Retiree Medical Grant.

5. OCEA agrees to provide to the County an annual audited financial report of the OCEA RMT.

6. OCEA agrees that OCEA and/or its advisors will only charge reasonable administrative fees.

7. OCEA agrees to establish the OCEA RMT in such a manner as to enable the participation of other bargaining groups who comply with the OCEA RMT's requirements.

8. Both parties understand that it is a goal of the plan that it be cost neutral for the County and that the RMT not result in a

requirement that the County report an unfunded liability associated with the OCEA RMT in the County's financial statements to comply with governmental accounting standards.

9. The County waives its right to unilaterally implement any provisions in connection with this reopener during the term of this MOU.

Section 6. Reopener

Reopener as a Result of the ACA

The County may reopen negotiations on this Article[1] and other provisions of the MOU (e.g., Flexible Spending Accounts in Article XXV), for purposes of addressing issues resulting from the implementation of the Patient Protection and Affordable Care Act (ACA), including but not limited to, the potential impact of the Excise Tax (commonly known as the "Cadillac Tax") on high cost employer-sponsored health coverage. Federal administrative agencies have not yet issued definitive guidance regarding the Excise Tax which was expected to begin in 2018, but was delayed until 2020. The parties acknowledge that some of the benefits provided in the MOU may be included in the coverage to which the Excise Tax liability may apply. As a result, the issues that likely need to be addressed are: which health group plan coverages must be taken into consideration for purposes of this tax, how to calculate this tax, and what steps, if any, can be taken to avoid payment of the Excise Tax (e.g., modification of benefits). Notwithstanding the above, the County may not reopen negotiations on these issues unless the issues have first been discussed as part of a Working Group.

The County will not be responsible for the payment of any Excise Tax on health coverage from unit members' enrollment in County-sponsored health plans.

Section 7. <u>Accidental Death and Dismemberment Insurance</u>

The County shall provide basic accidental death and dismemberment insurance in the amount of one hundred thousand dollars ($100,000) for all Sheriffs Special Officer employees without proof of insurability. The policy shall provide benefits for death or dismemberment occurring in the line of duty. Such insurance will be subject to the limitations of liability contained in those insurance policies.

[1] Section 3 of this Article will not be reopened unless (and only to the extent that) its provisions are impacted by the ACA.

ARTICLE XX DEFINED CONTRIBUTION

Section 1. An employee in a regular position may, at his or her request, participate in the County's Section 457(b) Defined Contribution Plan.

Section 2. The parties agree to establish a working group to explore: (1) the possibility of expanding investment options in the County's Defined Contribution plans to include unitization of the OCERS fund; and (2) the retiree medical plan.

Section 3. The County and OCEA agree to a reopener to facilitate the automatic enrollment of new hire OCEA members in the appropriate County Defined Contribution plan.

ARTICLE XXI RETIREMENT

Section 1. Retirement Benefit Levels

A. For Employees Hired Prior to January 1, 2013 and for Employees Hired on or After January 1, 2013 who are Considered "Legacy Members" of OCERS within the Meaning of the Public Employees' Pension Reform Act of 2013 ("PEPRA).

1. Except as set forth in Section A.2 and A.3 below, employees will be provided a one-fiftieth (1/50) retirement benefit calculated pursuant to Section 31676.19 of the Government Code. This retirement benefit formula is commonly known as the "2.7% at 55" benefit formula.

   a. For eligible employees hired on or before September 20, 1979 the retirement allowance will be computed on the highest one (1) year of final compensation per Government Code Section 31462.1.

   b. For eligible employees hired on or after September 21, 1979, the retirement allowance will be computed upon the employee's highest three (3) years of compensation per Government Code section 31462.

2. 1.62% at 65 Pension Formula Election for Employees Hired Prior to May 7, 2010.

   a. Employees hired prior to May 7, 2010 will be eligible for the Pension Formula Election described below once the Board of Supervisors approves an implementing resolution (which shall be after pending tax issues have been resolved so that the election will not result in any negative tax consequences for eligible unit members). Eligible employees will have 180 calendar days from that date within which to elect one time only whether to terminate for future County service their pension calculation stated in Government Code section 31676.19 (the "2.7% at 55" benefit formula) and elect instead the pension calculation stated in Government Code section 31676.01 (the "1.62% at 65" benefit formula) for future County service.

   b. In the event an eligible employee fails to make an election during the period set forth in Subsection 2a above, the employee shall continue to be provided with the "2.7% at 55" benefit formula and shall make the employee retirement contributions established for that benefit formula.

c. In the event an eligible employee elects the "1.62% at 65" benefit formula, the employee shall be eligible to participate in the County 1.62 Retirement 457(b) Defined Contribution Plan (the "DC Plan") described in Section 3 below.

d. Effective with the beginning of pay period following the date an employee elects the "1.62% at 65" benefit formula, the normal employee contribution rate to the retirement system for the employee will be calculated pursuant to Government Code section 31621. The employee will also make the contributions described in Section 2.B and C of this Article.

3. Election Option of "2.7% at 55" or "1.62 at 65" Pension Formula for Those Employees Hired by the County between May 7, 2010 and January 1, 2013.

a. Employees hired on or after May 7, 2010 and prior to January 1, 2013 were required to make the pension benefit formula election provided for in Board Resolution 10-072**.**

b. Employees had forty-five (45) calendar days from the date of hire or appointment to elect either the "2.7% at 55" benefit formula or the "1.62% at 65" benefit formula. Regardless of which benefit formula was selected, the employee is required to make retirement contributions in accordance with the provisions of Section 2.B and C below.

c. In the event an eligible employee failed to make an election during the 45 day period set forth in subsection 3.b above, the employee was deemed to have elected the "1.62% at 65" benefit formula.

d. An employee who elected, or was deemed to have elected, the "1.62% at 65" benefit formula is eligible to participate in the "DC Plan" described in Section 3 below.

e. After the employee made an election or was deemed to have made an election as described in Subsection 3.b and c. above, the employee is required to make retroactive contributions that would have been made from the employee's hire or appointment date, for the appropriate election as described in this Article. County matching contributions to the DC Plan, for employees who chose the "1.62% at 65" benefit formula are not retroactive to the employee's date of hire and are calculated from the date that the employee made an election or was deemed to have made an election of the "1.62% at 65" benefit formula.

f. Effective with the pay period following the date an employee elected, or was deemed to have elected, the “1.62% at 65” benefit formula, the normal employee contribution rate to the retirement system for the employee will be calculated pursuant to Section 31621 of the Government Code. The employee will also make the contributions described in Section 2.B and C below**.**

B. For Employees Hired on or After January 1, 2013 who are Considered “New Members” within the Meaning of PEPRA.

1. The retirement formula will be the “1.62% at 65” benefit formula described in Government Code section 31676.01, utilizing the average three highest years of compensation per Government Code section 7522.32. Pensionable compensation and other pension related conditions are governed by the provisions of PEPRA and the OCERS Board of Retirement. Employees will also make the contributions described in Section 2.B and C. below

2. “New Members” are eligible to participate in the “DC Plan” described in Section 3 below.

Section 2. <u>Retirement Contributions</u>

A. Members' normal contribution rates shall continue to be established and adjusted subsequent to and in accordance with state law and the actuarial recommendations adopted by the Retirement Board and the Board of Supervisors.

B. The County will adopt employee contribution rates equal to County contributions for full reserve funding of cost-of-living increases to retirees for all active members of the retirement system as recommended by the OCERS actuary. Employees will pay the full member contribution for each of the benefit plans provided by the County.

C. Employee Retirement Contributions to Offset the Increased Cost of the “2.7% at 55” benefit formula:

1. The implementation of the “2.7% at 55” retirement benefit formula shall be without additional cost to the County for as long as the enhanced benefit formula is provided to employees, ie., it will be borne entirely by the employees. Effective with the pay period that commenced on June 24, 2005, unit members began making an additional employee contribution to the retirement system. This contribution is in addition to the normal employee contribution calculated under Section 31621.8 of the Government Code (or Section 31621 of the Government Code, if applicable), and is in addition to the employee contribution required to help provide full reserve funding of cost-of-living increases to retirees for all active

members of the retirement system as recommended by the actuary. The additional employee contribution made under this paragraph is known as the “Reverse Pickup” and is designed to offset both the prospective increased costs, as well as the increased costs attributable to past service liability of providing this enhanced retirement benefit.

a. The portion of the additional employee contribution that is attributable to past service liability shall be in accordance with, and for the purposes stated, in Section 31678.3(d) of the Government Code. This additional employee contribution shall continue beyond the expiration date of this MOU, for the purpose of amortizing, over a 20 year period, the cost of the enhanced retirement benefit.

b. The portion of the additional employee contribution that is attributable to the prospective increased cost of the benefit shall also continue beyond the expiration date of this MOU but unlike the past service liability, does not expire at the end of the 20 year period set forth above.

3. Reduction in Reverse Pickup

a. Effective the first day of the first full pay period following Board of Supervisors adoption of this MOU, the annual reverse pickup contribution rate for employees in the PEPRA and 1.62% at 65 Classic benefit formulas will be frozen at the fiscal year 2019-2020 rate. The reverse pickup contribution rate for employees in the 2.7% at 55 benefit formula shall continue to be calculated pursuant to Section 2 of this Article.

b. Effective the first day of the first full pay period following Board of Supervisors adoption of this MOU, reduce Reverse Pickup by an ongoing 1.2%.

c. Effective July 3, 2020, reduce Reverse Pickup by an additional 1.2%, for a total fixed ongoing 2.4% reduction of the employee’s paid reverse pickup.

d. Effective July 2, 2021, reduce Reverse Pickup by an additional 1.2% for a total fixed ongoing 3.6% reduction of the employee’s paid reverse pickup.

e. By July 2, 2021, the entire Reverse Pickup for employees in the PEPRA and 1.62% at 65 Classic benefit formulas shall be eliminated.

Section 3. Defined Contribution Retirement Plan

A. Beginning on May 7, 2010, the County will make available a County 1.62 Retirement Section 457(b) Defined Contribution Plan (the "DC plan") to those employees who are covered by the "1.62% at 65" benefit formula (whether by election, deemed to have elected or are hired on or after January 1, 2013 and are deemed to be "new members" within the meaning of PEPRA). These employees will be permitted to make voluntary contributions to the Plan. The County will make matching contributions as described in Section 3.B. below.

B. The County will contribute a biweekly amount to a Section 401(a) Defined Contribution Plan for an eligible employee equal to the biweekly amount that the employee contributes to the Plan, not to exceed two (2) percent of the employee's base salary (the "match"). County contributions to the Section 401(a) Defined Contribution Plan shall vest on behalf of the participant after that participant has been continuously employed by the County for a period of five (5) years. For this purpose, one year shall be equal to 2080 paid hours of service, exclusive of overtime.

C. Employee contributions to the Plan(s) and the County contributions to the Section 401(a) Defined Contribution Plan shall be subject to contribution limits imposed by the Internal Revenue Service. In no event shall the County be required to pay any portion of the matching contributions that would cause the employee to exceed applicable Internal Revenue Service contribution limits.

Section 4. Tax-Deferred Retirement Plan

The County will administer an approved tax-deferred retirement plan which will allow employees to reduce their taxable gross income by the amount of their retirement contribution. The plan shall be in effect for the term of this Memorandum of Understanding subject to approval by the Internal Revenue Service.

ARTICLE XXII SEPARABILITY

In the event that any provisions of this Memorandum are declared invalid by any court of competent jurisdiction, such decision shall not invalidate the entire Memorandum, it being the express understanding of the parties hereto that all other provisions not declared invalid shall remain in full force and effect.

ARTICLE XXIII RECOGNITION

Pursuant to the Employee Relations Resolution of the County of Orange and applicable State law, the Orange County Employees Association is the Exclusively Recognized Employee Organization for the Sheriffs Special Officer Unit for classes in effect on June 21, 2019. Said classes are listed in Appendix A.

ARTICLE XXIV FLEXIBLE SPENDING ACCOUNTS

The County will administer the following Flexible Spending Accounts:

Section 1. Dependent Care Reimbursement Account (DCRA)

The County will administer a Dependent Care Reimbursement Account that will allow eligible employees the opportunity to allocate a specified amount of biweekly pre-tax salary into the employee's dependent care reimbursement account to pay for dependent care expenses as permitted by state and federal law, regulations and guidelines, and as permitted by the County's Section 125 Plan document.

Section 2. Health Care Reimbursement Account (HCRA)

The County will administer a Health Care Reimbursement Account that will allow eligible employees the opportunity to allocate a specified amount of biweekly pre-tax salary into the employee's health care reimbursement account to pay for health care expenses as permitted by state and federal law, regulations and guidelines, and as permitted by the County's Section 125 Plan document.

ARTICLE XXV PERFORMANCE INCENTIVE PROGRAM (PIP)

Section 1.

Effective, June 1, 2015, employees who are granted PIP awards will receive non-cashable time off of twenty (20) hours. This time off will not be subject to the requirement that PIP time be taken off within one (1) year.

All other performance management components of PIP remain in effect.

ARTICLE XXVI LABOR MANAGEMENT COMMITTEES

Section 1. Introduction

A. The County and OCEA desire to mutually encourage a cooperative, collaborative partnership approach to addressing and resolving workplace issues. The County and OCEA further desire to provide an opportunity for labor and management representatives to promote and maintain harmonious labor/management relations through the establishment of Agency/Department Labor Management Committees. This section is not intended to change or replace mutually agreeable existing arrangements, including labor-management forums, except by mutual agreement.

B. The Labor Management Committee (LMC) process is intended for agency and department management and labor representatives to collaborate in a regularly scheduled (at least monthly) forum to develop solutions to workplace issues that are deemed appropriate for discussion. The County and OCEA recognize that this process will provide an important opportunity to achieve mutually acceptable solutions to workplace issues.

C. It is the intent of the process that each party should raise issues prior to making decisions or adopting courses of action that may affect the other party.

D. An issue may be considered by the LMC members unless the issue:

1. Concerns only an individual employee, such as that employee's performance evaluation, PIP award, discipline or an individual problem with another employee;

2. Has County-wide impact; or

3. Involves the classification of one or more employees.

E. LMC members will have the authority to discuss and develop solutions to workplace issues submitted by employees and management and to present those solutions to the LMC Sponsors.

F. The activities of LMCs will be effectively communicated to all employees through monthly newsletters or other mutually agreeable methods.

Section 2. Structure

A. The LMC program shall be jointly administered by four central LMC Program Sponsors, two of whom shall be appointed by the Chief of Employee Relations and two of whom shall be appointed by OCEA. Any issue concerning the implementation or administration of the LMC process may be referred to the LMC Program Sponsors by request of either party.

B. 1. Every agency/department shall have an LMC.

2. The agency/department LMC structure shall consist of management representatives selected by the agency/department and employee representatives selected by OCEA. The LMC Program Sponsors may also select representatives to participate on the LMC.

3. Each agency/department LMC shall have two sponsors who may or may not be members of the LMC: the agency/department head and a representative designated by OCEA. The role of the sponsors is to monitor the direction and progress of the LMC and to provide the support and resources necessary to constructively address and resolve workplace issues.

Section 3. Time Off for LMC Activities

A. A reasonable number of employees shall be allowed reasonable time off without loss of pay to serve as employee representatives in the LMC process.

B. In addition to A, above, reasonable time off without loss of pay shall be given to employees and LMC employee representatives as necessary to effectuate the purposes of the LMC process.

Section 4. Process

A. Employees may submit a form entitled Workplace Issue Statement Form describing the workplace issue, the recommended change(s) and the advantage(s) associated with the change. Employees may choose to remain anonymous when submitting their workplace issue; however, anonymity may hinder the ability of the LMC to fully evaluate the issue presented.

B. Employees may submit the Workplace Issue Statement form to any active LMC member or to LMC sponsors.

C. The LMC member shall discuss and develop possible solutions to the submitted workplace issues. An LMC member may contact the employee who submitted the workplace issue to obtain additional information/clarification.

D. Workplace issue solutions will be determined by a consensus of the members present at the LMC meeting and submitted as a recommendation to the LMC sponsors.

E. Within 30 days of receipt of the LMC recommendation, the agency/department LMC sponsors shall respond to the LMC members in writing, indicating their acceptance, suggested modifications or rejection of each proposed solution and/or schedule for implementation. The sponsors shall provide written reasons for a rejection/modification of a solution submitted by the LMC.

F. Any issue which is not resolved by the agency/department LMC shall upon request by either departmental sponsor be submitted to the central LMC Program Sponsors for advisory review.

ARTICLE XXVII SALARY

1. Effective the first day of the first pay period following adoption of this 2019-2023 MOU, the salary schedule will be increased by 2.50%.

2. Effective July 3, 2020,, the salary schedule will be increased by 2.50%.

3. Effective July 2, 2021, the salary schedule will be increased by 2.50%.

4. Effective July 1, 2022, the salary schedule will be increased by 3.50%.

Article XXVIII DEPENDENT/CHILD CARE AND WORK-LIFE BALANCE

Section 1. Upon adoption of the MOU, the County and OCEA agree to establish a working group to discuss issues related to dependent/childcare and work-life balance.

APPENDIX A

Classes included in the Sheriffs Special Officer Unit as of June 21, 2019:

6109SO Sheriffs Special Officer I
6112SO Sheriffs Special Officer II