

FIRST AMENDMENT
TO THE
MEMORANDUM OF UNDERSTANDING
BETWEEN REPRESENTATIVES OF THE ESCONDIDO FIREFIGHTERS'
ASSOCIATION – SAFETY PERSONNEL – NON-SAFETY AND THE CITY OF
ESCONDIDO
JANUARY 1, 2021 – DECEMBER 31, 2022

1. The City and Association agree to repeal and replace ARTICLE XII - VACATIONS, Paragraph 3 - Vacation Periods, Subparagraphs C and E as follows:

C. Paramedics who terminate shall be paid in a lump sum for all allowable accrued vacation leave earned in accordance with California law.

2. The City and Association agree to add Article XXXIII as follows:

ARTICLE XXXIII

RETIREE MEDICAL TRUST

A. ACKNOWLEDGEMENT. The City acknowledges that the Association has entered into an agreement with the California Firefighters Benefit Trust ("Trust").

B. DEFINED CLASS OF EMPLOYEES RECEIVING CONTRIBUTIONS. Employees receiving contributions to the Trust, as set forth below, consist of all Safety personnel represented by the Association on or after the date of this amendment. ("Safety Employees"). Thus, fire suppression personnel shall participate in the Trust, but paramedics shall not participate.

C. EMPLOYEE CONTRIBUTION AMOUNT. The Association requested and the City agreed that the City shall withhold a mandatory contribution of \$50 per pay period, on a pre-tax basis, from the pay of each Safety Employee, twice each month, and shall transfer such contributions to the Trust. No Safety Employee shall be permitted to opt-out of the mandatory contributions or receive any portion of the mandatory contribution in cash.

D. VACATION LEAVE TRANSFER. Upon a Safety Employee's separation from City service, the City shall irrevocably transfer to the Trust, on a pre-tax basis same as other payroll deductions, an amount equal in value to 100% of the accrued vacation leave that would otherwise be paid to the employee for unused vacation leave under this Memorandum of Understanding. However, a Safety Employee, by written election made no less than 45 days prior to the employee's separation date, may also direct a portion of the accrued vacation leave to a qualifying 457 plan up to allowable annual contribution limits under Internal Revenue Service regulations. No Safety Employee shall be permitted to receive any portion of the accrued vacation leave transfer payment in cash.

E. REMITTANCE OF CONTRIBUTIONS. The City shall promptly remit the twice monthly contributions directly to the designated Trust administrator (“Administrator”) for the duration of the Memorandum of Understanding in one aggregate payment, by either ACH transfer or wire. The City hereby acknowledges the Trust Agreement between the Association and the Trust and will comply with reasonable rules and procedures set by the Trust to report and deposit funds into the trust.

F. TRUST REPORTING. The City shall promptly submit to the Administrator a report of contributing employees for each contribution sent to the Trust, in the format requested by the Trust, at the same time funds are sent to the Trust. The City shall also provide an initial report of contributing employees, and promptly report any changes in Safety Employee employment status.

G. MODIFICATION OF EMPLOYEE CONTRIBUTION AND LEAVE AMOUNTS. The City and the Association agree that the Association has the right, subject to approval of its members according to the Association’s internal rules, to modify the amount of the mandatory employee monthly contribution addressed in Section C in any increment of \$25, or the percentage of the mandatory employee leave contribution addressed in Section D during the course of this Agreement, so long as the modification is mandatory for all Safety Employees.

H. NO CITY LIABILITY. The City shall not incur or be liable for any cost or contributions associated with the Trust. The City will only administer payroll deductions toward a qualifying employee benefit plan under the Internal Revenue Code. The City may cease payroll deductions toward the Trust if the City incurred a fee, anticipates incurring a fee, or believes the payroll deductions will expose the City to legal claims or liabilities; provided however, that the City shall provide advance notice to the Association of its intent to cease payroll deductions and allow the Association a reasonable opportunity to discuss and/or absorb any costs to the City.

I. INDEMNIFICATION. The Association shall indemnify, defend, and hold harmless the City from any claim, complaint, assessment, penalty, or damages asserted by any person or entity, including any state or federal authority, arising out of Association participation in the Trust, including but not limited to fines, fees, or penalties issued by state or federal taxing authority against the City due to Employee payroll deductions or compensation payouts that are directed to the Trust.