



CONSENT CALENDAR

City of San Bernardino Request for Council Action

Date: April 17, 2024

To: Honorable Mayor and City Council Members

From: Charles A. Montoya, City Manager;
Andrea Russell, Director of Human Resources & Risk Management

Department: Human Resources & Risk Management

Subject: **Side Letter Agreement with San Bernardino Police Management Association Regarding 401 (a) Plan Contributions**

Recommendation:

It is recommended that the Mayor and City Council of the City of San Bernardino, California, adopt Resolution No. 2024-072, authorizing the City Manager to execute a side letter agreement with the San Bernardino Police Management Association regarding 401 (a) plan contributions and other language updates.

Executive Summary

Side letter with the San Bernardino Police Management Association (SBPMA) to allow for 401 (a) plan contribution utilization and update holiday pay language per the recommendation from CalPERS. These changes have no financial impact to the City.

Background

401(a) deferred compensation plans are employer-sponsored defined contribution retirement plans available to governmental, for-profit and not-for-profit employers. Like other defined contribution plans, the benefit each employee receives depends on how much is in their individual 401(a) account at retirement. The amount that employees have in retirement depends on how their investments perform.

Discussion

A 401 (a) Plan requires that the City follow standards established by the Internal Revenue Service (IRS). As such, contributions into the 401 (a) plan must be a mandatory contribution that will apply to all members of the group. In order to maintain the standards established by the IRS, the City must revise its current language in SBPMA's Memorandum of Understanding (MOU) in order to utilize the 401 (a) plan.

Currently, language in the SBPMA MOU allows for members to sell-back/cashout various leaves at designated times. The side letter would allow for those sell-backs/cashouts to be placed into a 401 (a) plan.

Additionally, CalPERS recommended the language concerning holiday pay be updated in the MOU to make clear how it is being calculated. The redline version attached in Exhibit "B" contains all updates.

2021-2025 Strategic Targets and Goals

Authorizing the City Manager to execute a side letter agreement with SBPMA regarding 401 (a) plan contributions and other minor language support Key Strategic Goal 2. Focused, Aligned Leadership and Unified Community by building a culture that attracts, retains, and motivates the highest quality talent.

Fiscal Impact

There is no fiscal impact to allow SBPMA members to allocate funds into a 401 (a) plan or updating holiday pay language.

Conclusion

It is recommended that the Mayor and City Council of the City of San Bernardino, California, adopt Resolution No. 2024-XX, authorizing the City Manager to execute a side letter agreement with the San Bernardino Police Management Association regarding 401 (a) plan contributions and other language updates.

Attachments

Attachment 1 – Resolution No. 2024-072

Attachment 2 – Exhibit A; Side Letter Agreement

Attachment 3 – Exhibit B; Redline MOU

Ward:

All Wards

Synopsis of Previous Council Actions:

September 6, 2023 Mayor and City Council adopted resolution 2023-143, authorizing the City Manager to execute a side letter agreement with PMA regarding premium pay.

September 21, 2022 Mayor and City Council adopted resolution 2022-193, authorizing the City Manager to execute a side letter agreement with PMA regarding adding Juneteenth as an observed holiday.