

**AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING
BETWEEN THE
INTERNATIONAL FEDERATION OF PROFESSIONAL AND TECHNICAL
ENGINEERS (IFPTE), UNION LOCAL 21 (PROFESSIONAL/SUPERVISORY UNIT)
AND THE CONTRA COSTA WATER DISTRICT**

SIDE LETTER

Preface:

The following agreement has been entered into between the International Federation of Professional and Technical Engineers (IFPTE), Local 21 (Professional/Supervisory Unit), "Union", and the Contra Costa Water District, "District" in the spirit of collaboration and good faith. Said agreement amends the existing Memorandum of Understanding (MOU) entered into between the Union and the District, establishing a new employee contribution to Other Post Employment Benefits (OPEB) effective September 1, 2011.

Agreement:

In recognition of the challenge of funding the OPEB Plan and maintaining existing retirement medical plan benefits, the District and the Union hereby amend the MOU as follows:

New provisions:

SECTION 7.1 (d) – RETIREMENT MEDICAL BENEFITS

1. EMPLOYEE CONTRIBUTION TO OPEB (Retirement Medical):

Effective September 1, 2011 through August 30, 2014, Local 21 members will begin making contributions to OPEB via payroll deductions as follows:

September 1, 2011 through September 1, 2012 = 2.5% of basic compensation

September 1, 2012 through September 1, 2013 = 3.5% of basic compensation

September 1, 2013 through September 1, 2014 = 4.5% of basic compensation

These contributions will be made on a pre-tax basis.

Employee Contributions to OPEB will be revisited by Local 21 (and all other participating employee groups) coincident with the expiration of the Local 39 contract on June 30, 2014. Any change in Employee OPEB Contribution would become effective on September 1, 2014.

Further, the parties agree that the District retains the sole responsibility of funding the remainder of the Annual Required Contribution (ARC) for the OPEB program, which includes the portion of the Normal Cost not addressed by Employee OPEB Contributions. Should the District, for any reason, not fully fund the remaining portion of the ARC, it will not cause the employee contribution to be increased to more than what is described above.

For transparency purposes, an annual audited accounting of all contributions (employee and employer) shall be completed, and funding progress will be reported and made generally available.

2. FIVE-YEAR CCWD SERVICE VESTING PERIOD FOR EMPLOYEES HIRED ON/AFTER SEPTEMBER 1, 2011

Effective September 1, 2011, employees hired on or after this date shall be subject to a five (5) year District-service vesting period to be eligible for retirement medical upon direct retirement from the District. Reciprocal agency service does not count toward the 5-year vesting for retirement medical. Employees hired prior to September 1, 2011 are not subject to the 5-year District service eligibility requirement, and would be eligible for retirement medical benefits upon meeting retirement eligibility and retiring directly from District employment.

3. RETURN OF CONTRIBUTION

Should an employee separate from District service other than as a direct retirement, and/or prior to vesting in the OPEB (retirement medical) benefit, all employee contributions, plus 5% interest per annum, compounded annually, shall be returned to the employee upon separation. Such a separation payment will be made through a separately established reserve fund, as payments of this nature out of the OPEB Trust itself are not permissible per IRS regulations. The distribution would be a taxable event, with no option to roll-over or otherwise tax-defer the distribution.

4. ADVISORY COMMITTEE TO THE PLAN ADMINISTRATOR

The parties agree to establish an employee committee to review OPEB Trust performance and make recommendations, similar in function to the existing Retirement Plan Committee. The District shall amend the OPEB Trust to expressly define the composition, role and responsibilities of the Employee OPEB Committee. Given the similarities in responsibilities, the respective employee representatives for the Retirement Plan Committee shall also serve as the representatives for the Advisory Committee To The Plan Administrator.

5. COMPLIANCE WITH IRS REGULATIONS AND RULINGS

In the event the IRS issues an adverse ruling in the future affecting the OPEB Trust provisions reflected in this Side Letter Agreement, including requiring employee contributions to OPEB be on a post-tax basis, or the appropriateness of a return of contribution, the parties agree to meet and confer regarding the impact, and the Trust provisions will be amended to comply with IRS regulations.

Amending current provisions:

Section 6.3 Holidays

In recognition of a two-year contract extension, Section 6.3 (Holidays) is amended as follows to reflect holiday observances through November 8, 2015:

	2013	2014	2015
New Year's Day		W 1/1	TH 1/1
Martin Luther King's Birthday		M 1/20	M 1/19
Lincoln's Birthday		M 2/10	M 2/9
President's Day		M 2/17	M 2/16
Memorial Day		M 5/26	M 5/25
Independence Day		F 7/4	F 7/3
Labor Day		M 9/1	M 9/7
Veteran's Day	M 11/11	T 11/11	
Thanksgiving Day	TH 11/28	TH 11/27	
Friday after Thanksgiving	F 11/29	F 11/28	
Christmas	W 12/25	TH 12/25	

Section 8.1 Salary Adjustments:

In recognition of a two-year contract extension, Section 8.1 (Salary Adjustments) is amended as follows to reflect COLAs for calendar years 2013 and 2014:

- f. Effective the pay period beginning November 11, 2013, a minimum of 2.5%, maximum of 5.0% cost of living adjustment (COLA) based on the October 2012 to October 2013 CPI for San Francisco/Oakland/San Jose All Urban Wage Earners and Clerical Index (reported in November 2013).
- g. Effective the pay period beginning November 10, 2014, a minimum of 2.5%, maximum of 5.0% cost of living adjustment (COLA) based on the October 2013 to October 2014 CPI for San Francisco/Oakland/San Jose All Urban Wage Earners and Clerical Index (reported in November 2014).

Section 23 - TERM

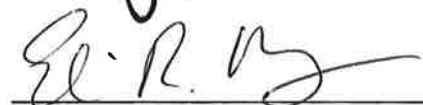
In recognition of the commencement of Employee Contributions to OPEB effective September 1, 2011, the parties agree to extend the current Memorandum of Understanding by two years, from November 10, 2013 to a new expiration date of November 8, 2015:

“This Memorandum of Understanding shall become effective November 17, 2008, to the extent authorized by law, and remain in effect up to and including November 8, 2015.”

CONTRA COSTA WATER DISTRICT




Jerry Brown
General Manager




Elia R. Bamberger
Human Resources and Risk Manager

IFPTE, LOCAL 21



Angela Long
Business Representative



Diane Tomkins
President, Local 21

The above signatories confirm that they have met and conferred in good faith consistent with Section 3500 et seq. of the Government Code regarding the provisions of this side letter.

Dated: 8/18/11