

**SIDE LETTER AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND
THE SAN DIEGO FIREFIGHTERS, INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 145,
REGARDING PAYMENT OF INTEREST TO THE SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM**

Pursuant to the provisions of the Meyers-Milias-Brown Act (MMBA) and Council Policy 300-06, this Side Letter Agreement (Agreement) related to the payment of interest to the San Diego City Employees' Retirement System (SDCERS) is made and entered into between the City of San Diego (City) and the San Diego Firefighters, International Association of Firefighters, Local 145 (Local 145), to amend Article 62 of the Memorandum of Understanding (MOU) between the City and Local 145 approved by San Diego Resolution R-314187 dated June 23, 2022. The City and Local 145 are collectively referred to as the "Parties."

The City proposes, effective July 1, 2023, to indemnify an Eligible Employee for any interest charges associated with the underpayment or overpayment of interests related to SDCERS contributions as a result of an error by SDCERS or City staff.

For purposes of this Side Letter Agreement, "Eligible Employee" includes all Local 145-represented employees who are on City payroll on or after July 1, 2023 regardless of their employment status (i.e., active, separated, DROP, DROP Extension, or retired) and receive an SDCERS' correction letter on or after July 1, 2023, in connection with the underpayment of contributions or the overpayment of pension benefits as a result of an error by SDCERS or City employee.

Therefore, the Parties agree as follows:

1. The Parties have satisfied all obligations under the MMBA, Council Policy 300-06, and other applicable law and regulations to meet and confer in good faith on the subject of this Agreement.
2. The Parties agree to amend Article 62 of the MOU by retitling the Article to "Overpayments and SDCERS Interest Charges" and adding a new Section F, as follows:
 - "F. **SDCERS Interest Payment for Overpayment/Underpayment Due to Error by City/SDCERS**
 1. **For purposes of this section, "Eligible Employee" includes all Local 145-represented employees who are on City payroll or on approved leave of absence on or after July 1, 2023 regardless of their employment status (i.e., active, separated, DROP, DROP Extension, or retired) and receive an SDCERS' correction letter on or after July 1, 2023, in connection with the underpayment of contributions or the overpayment of pension benefits as a result of an error by SDCERS or City employee.**
 2. **The rights described in this Section F are in addition to the rights an Eligible Employee has under the Parties' Proposition B (Prop B) Make-Whole Settlement Agreement in the event an error arises regarding the calculations made when an Eligible Employee opted into SDCERS following the invalidation of Prop B. Nothing in this Section F is intended to alter or diminish the rights established in that Agreement.**
 3. **The principal amounts owing for the underpaid contributions or overpaid pension benefits, as explained in an SDCERS' correction letter, are and remain the Eligible Employee's sole responsibility except as**

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otherwise provided in the Prop B Settlement Agreement. However, the City will indemnify an Eligible Employee for any interest charges associated with the underpayment or overpayment correction, unless the City determines that the Eligible Employee knew or should have known that they were underpaying contributions or being overpaid a benefit, or intentionally or willfully contributed to the error.

4. SDCERS will not charge interest in its initial corrections letter to an Eligible Employee notifying them of the underpayment of contributions or overpayment of pension benefits. However, if additional interest charges accrue due to the Eligible Employee's failure to make timely repayment of the principal amount owed or their decision to enter into a repayment plan, these separate additional interest charges are deemed a matter of the Eligible Claimant's discretion, are not the City's responsibility to reimburse, and remain the Eligible Employee's sole responsibility.
 5. Interest payments made by the City to SDCERS under this section will be treated as employer contributions except as otherwise provided in the Prop B Settlement Agreement.
 6. The provisions of this section do not limit or supersede any Eligible Employee's right to challenge SDCERS's determination that an underpayment of contribution or overpayment of pension benefits has occurred or otherwise limit or supersede the Eligible Employee's right to challenge, on any available legal or equitable ground, SDCERS's demand for payment of the principal amount or any interest the City declines to pay."
3. Unless expressly covered in this Agreement, all wages, hours and other terms and conditions of employment presently enjoyed by Local 145-represented employees, whether stated in an MOU, Personnel Regulation, Administrative Regulation or in any other enforceable document, remain in full force and effect.
 4. This Agreement is not binding on the Parties until it is approved by a two-thirds vote of the City Council, in accordance with San Diego Charter section 11.2.

This Agreement is executed by the following authorized representatives of each party:


For Local 145

By: 

Jim Cunningham
Lead Negotiator

Date: May 19, 2023

For the City of San Diego

By: 

Timothy Davis
Lead Negotiator

Date: June 7, 2023

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By: Jesse Conner
Jesse Conner
President

Date: 5-19-23

By: Abby Jarl-Veltz
Abby Jarl-Veltz
Assistant Human Resources Director

Date: June 13, 2023

By: Jonnabelle Domingo
Jonnabelle Domingo
Supervising Human Resources Officer

Date: June 13, 2023

Approved as to form this 13th day of June, 2023.

MARA W. ELLIOTT, City Attorney

By: Tom Brady
Tom Brady
Deputy City Attorney