



# Staff Report

City Council

Item No. {{section.number}}.F

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**Meeting Date:** July 24, 2024

**From:** Eugenia Torres, Human Resources Manager

**Title:** 401 (a) Side Letters

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**RECOMMENDATION:**

To authorize the City Manager to execute side letters with the Cathedral City Police Management Association (CCPMA), Cathedral City Fire Management Association (CCFMA), Cathedral City Professional Firefighters Association (CCPFA), and update the regulations for Non-Represented Executive, Administrative, Professional, Confidential, and Other Particular Employees (Non-Rep) to amend the 401(a) retirement plan document.

**BACKGROUND:**

The City offers a 401(a) retirement plan to eligible employees. The Internal Revenue Service (IRS) regularly updates the guidelines and regulations governing 401(a) plans. To ensure the City's plan maintains its tax-qualified status and avoid potential penalties, staff needs to amend the plan document and practice to align with the latest IRS regulations.

**DISCUSSION:**

There are two primary amendments being made: one is to align the MOU language with the practice of allowing final payout of eligible leave time to the 401(a) plan at separation, as currently authorized in the City's 401(a) plan. This practice had not been previously explicitly outlined in the MOU language for the eligible represented groups. The second change clarified that the two Fire represented groups had a minimum mandatory member contribution to the 401(a) plan at hire, and then within a specified time period after hire, members could elect to make a voluntary contribution. Additionally, during these negotiations, the CCPMA has requested to increase their mandatory contribution amount for their members to \$200. In addition to amending the MOU's through these side letters, staff is also amending the 401(a) plan documents to reflect these changes.

**FISCAL IMPACT:**

There is no fiscal impact with this item. All 401(a) contributions are made by employees.

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## **FIVE-YEAR STRATEGIC PLAN:**

Goal A - SERVE THE COMMUNITY WITH PRIDE AND DEDICATION

Objective: Through diversity, equity, and inclusion driven employee programs and experiences, Cathedral City is the employer of choice with a workforce that is engaged, motivated, and respected public stewards

## **ATTACHMENTS:**

1. Non-Rep 401a and 457 Side Letter
2. CCPMA 401a and 457 Side Letter
3. CCPFA 401a and 457 Side Letter
4. CCFMA 401a and 457 Side Letter