

Agreement between the
Santa Cruz County Regional Transportation Commission and
Service Employee International Union, Local 415
Pertaining to
Social Security Pending Election

WHEREAS, the Santa Cruz County Regional Transportation Commission (RTC) is establishing itself as a new employer separate and apart from the County of Santa Cruz effective November 4, 2006; and

WHEREAS, according to federal law RTC cannot automatically enter into a relationship with the Social Security Administration (SSA) for Old-Age, Survivors, and Disability Insurance (OASDI), commonly referred to as Social Security benefits, and Medicare participation is mandatory; and

WHEREAS, RTC must hold an election or referendum to determine participation in this benefit and then enter into a Section 218 Agreement with the Federal Government; and

WHEREAS, RTC has entered into a contract with CalPERS for retirement benefits, who administers the Section 218 Agreement on behalf of all public employees in the state of California; and

WHEREAS, CalPERS will facilitate an election or a referendum among RTC employees to determine if RTC will participate in OASDI Social Security; and

WHEREAS, unless and until employees vote to participate in OASDI Social Security, RTC employees will not be participants in OASDI Social Security, and thus neither the RTC nor the employee will be taxed based on payroll; and

WHEREAS, the OASDI tax rate for wages paid in 2006 is set by statute at 6.2% for employees and employers each, for a total of 12.4% contribution, on payroll up to a maximum annual amount, which is \$94,200 for 2006 and

WHEREAS, in the event employees elect to participate in OASDI Social Security, the effective date of participation will be the effective date of RTC autonomy from the County; and

WHEREAS, the parties desire to set aside the amounts that would be necessary for RTC and employee OASDI contributions in the event that employees elect participation in OASDI Social Security.

NOW THEREFORE, the parties agree as follows:

1. The RTC employees and the RTC will set aside an amount equivalent to the amount previously paid by the employee (6.2% of payroll) and the RTC (6.2% of payroll) for a total of 12.4% of payroll to the maximum annual taxable payroll as provided under Social Security law.
2. The funds will be maintained by the Auditor-Controller in an interest-bearing account with separate accounting for contributions made on behalf of individual employees. Such funds shall be used only for the purposes described herein.
3. The funds set aside will be utilized to retroactively participate in Social Security OASDI in the event RTC employees elect participation in that system.
4. In the event the RTC employees elect not to participate in Social Security, the parties will meet and confer to establish an alternative benefit or compensation mechanism for the expenditure of the set aside funds and the future expenditure of the amounts formerly paid by both parties as Social Security taxes.

Date: _____

Date: _____

SEIU, Local 415, Representative of
RTC employees in the General
Representation Unit

RTC