

## SIDE LETTER OF AGREEMENT

BETWEEN

CITY OF MANHATTAN BEACH

AND

### MANHATTAN BEACH FIREFIGHTERS' ASSOCIATION

This Side Letter of Agreement ("Agreement") between the City of Manhattan Beach ("City") and the Manhattan Beach Firefighters' Association ("Association") (collectively "Parties") is entered into with respect to the following:

**WHEREAS**, the Association has requested that the City review and agree to compliance with administrative requirements in order to establish participation in the Washington State Council of Firefighters Employee Benefits Trust ("Trust") to provide retiree medical benefits under the International Federation of Firefighters ("IAFF"); and

**WHEREAS**, the Parties have collectively reviewed, modified and agreed to the terms of establishing benefits under the Trust; and

**WHEREAS**, the existing MOU between the City and the Association is hereby amended as follows, setting forth the Parties' Agreement:

#### ARTICLE 27 – RETIREMENT HEALTH ~~INSURANCE~~

##### 1) Retiree Health Insurance:

Employees who retire from the City and also retire from CalPERS (within 120 days) are eligible for health insurance from CalPERS.

a) 1) CalPERS Statutory Minimum: In accordance with the Public Employees' Medical and Hospital Care Act (PEMHCA), the City shall pay the CalPERS statutory minimum amount on behalf of all employees who retire from the City.

b) 2) Retiree Medical Stipend: In addition to the provision of the CalPERS statutory minimum, any employee who takes a service retirement, and who has a minimum of twenty (20) years of full-time service with the City, shall receive \$400 per month. Said payment will be used toward the premiums of a health insurance plan, with proof of medical insurance coverage being provided when an employee qualifies, until one of the following occur:

- i. ~~a)~~ The retiree is subsequently granted an industrial disability retirement
- ii. ~~b)~~ The retiree reaches 65 years of age;
- iii. ~~c)~~ The retiree becomes eligible for Medicare; or
- iv. ~~d)~~ The retiree dies.

If any of the preceding conditions occur, the employee shall no longer be eligible to receive the additional \$400.00 retiree medical contribution.

The City and the Association recognize that this payment is subject to all I.R.S. rules and regulations of the federal Internal Revenue Code and state tax codes.

## 2) IAFF Medical Expense Reimbursement Plan:

The City acknowledges that the Association has entered into an agreement with the Washington State Council of Fire Fighters Employee Benefit Trust (hereafter, the "Trust"), under which eligible full-time sworn City employees covered under this MOU shall participate in and receive benefits under the International Association of Firefighters (hereafter, "IAFF" Medical Expense Reimbursement Plan (hereafter, the "IAFF Plan"). Such benefits will be funded by the Trust.

The Association acknowledges that (i) the City is not a party to the Trust or IAFF Plan, (ii) the City is not subject to the terms of the Trust, or the IAFF Plan or any employee welfare benefit plan or other arrangement funded by the Trust, and has no responsibility or authority whatsoever for providing or overseeing any benefits offered under any such plan or arrangement, (iii) the preceding statements will continue to apply on and after the City's adoption of this MOU, and (iv) the City's sole obligation under Article 27, Section 3 of the MOU is to make contributions to the Trust in accordance with the terms specified below.

- a) Defined Class of Employees Receiving Contributions: The "Defined Class" of employees receiving contributions to the Trust as set forth below, consists of all employees who are represented by the Association and hold full-time sworn Fire positions.
- b) Mandatory Employee Contributions: Beginning as soon as administratively practicable after the City Council's approval of the Association's adoption of a joinder agreement providing for the Association's participation in the Trust, on each regular biweekly payroll date, the City shall withhold pre-tax contributions from the wages of every employee of the Defined Class in the biweekly amount set forth below. For the purposes of this section, hire date will be the employee's hire date into a full-time City position. The City shall transmit such contributions to the Trust in accordance with Section (d)

below. The contributions are mandatory; no employee may opt-out of the contributions or receive any part of the contribution in cash.

<u>Years of City Service</u>	<u>Biweekly Employee Contribution</u>
<u>Employees hired 1/1/15 or later:</u>	<u>\$100 (per pay period)</u>
<u>Employees hired between 1/1/05 and 12/31/14:</u>	<u>\$150 (per pay period)</u>
<u>Employees prior to 1/1/05:</u>	<u>\$200 (per pay period)</u>

Employees who promote from the Association into another full-time position (e.g. Division Chief, Deputy Chief, or Fire Chief) will continue to participate in the plan as if they had remained represented by the Association, on a mandatory basis.

Additionally, at the time of promotion out of the Association into a position that accrues general leave instead of sick leave and vacation leave (e.g. from Fire Captain/(Paramedic) to Division Chief), all of the employee's accrued sick leave hours (100% of leave hours) will be transferred to the Trust at the rate of one half (50%) of their value based on their then-Fire Captain base hourly salary rate.

- c) No City Contributions: The City will not make any contributions to the Trust.
- d) Remittance of Contributions: The City shall remit employee contributions described in Section (b) above to the custodian of the Trust within 30 days after the payroll date on which such contributions are withheld from employees' wages. The City hereby acknowledges receiving, and agrees to follow, the Trust Office's guidelines for reporting and depositing the mandatory employee contributions set forth herein.
- e) Reporting to the Trust Office: The City shall electronically submit to the Trust Office a report of contributing employees, with sufficient identifying information pursuant to the reasonable rules of the Trust, for each contribution sent to the Trust, in the format requested by the Trust, and received by the Trust Office within five (5) days of receipt of the contribution funds. The report will include at a minimum: employee first and last name, with suffix as applicable; employee number; employee contribution amount; leave transfer amount, as applicable; separation date, as applicable; and separation reason.

The City shall also provide an initial report of contact information for all contributing employees to the Trust Office, in a format reasonably requested by the Trust, and shall send updates to this information to the Trust Office whenever the City has notice of changes to the information.

The Trust Office will provide a secure data transfer platform or process for transmission of this employee information to the Trust Office.

- f) Modification of Employee Contributions: The City and the Association agree that the Association has the right, subject to approval of its members according to the Association's internal rules, to prospectively modify the amount of the mandatory employee monthly contribution (specified in Section b), or to include the mandatory transfer of employee leave for which the Employee is otherwise eligible to receive monetary compensation during the course of this Agreement, as long as the modification is mandatory for all employees in the Defined Class. The Association will notify the City's Finance Director and Human Resources Director in writing of any changes to the amount of the mandatory contribution. The City will review the proposed modification(s) and effect any such modifications as soon as administratively practicable after receiving written notice of the modification from the Association and establishing mutually agreeable MOU language regarding the modification(s).
- g) Indemnification: The Association agrees to indemnify and hold the City harmless from any liabilities of any nature that may arise due to the operations of the Trust, except where such liabilities result from the City's failure to deposit or report contributions as mandated by Sections (d) and (e). In such cases, indemnification is excluded only when the City's failure is due solely to its gross negligence or willful misconduct.