

**SIDE LETTER AGREEMENT
BETWEEN THE
INTERNATIONAL UNION OF OPERATING ENGINEERS, STATIONARY ENGINEERS,
LOCAL 39
AND
THE CITY OF ROSEVILLE
RELATED TO THE MODIFICATION OF THE FLEX CREDIT**

The City of Roseville (hereinafter referred to as “City”) and the International Union of Operating Engineers Stationary Engineers, Local 39 (hereinafter referred to as “Local 39”) entered into a Memorandum of Understanding (“MOU”) with a term beginning on June 8, 2019, and terminating on December 31, 2021. The City and Local 39 are collectively referred to herein as the “Parties.”

Background and Overview

This Agreement relates to a modification to the City’s provision of a cafeteria plan flex credit amount for employees who elect a medical plan. The City proposes discontinuing the same flex credit amount irrespective of whether the employee chooses an employee only medical plan, employee + 1 medical plan, or an employee + family medical plan and instituting a tiered plan whereby the flex credit amount is greater for those electing family medical coverage as described below.

In addition, the agreement addresses the intent of the Flex Credit increase to align with the new rate changes. With the implementation of the ORACLE Human Resources Information System in July 2019, the City met and conferred with the union to apply the cost of the benefit in the same month the benefit is received, rather than the prior month, as had been the practice in the former system. Instead of paying in December for January benefits, employees now pay for January benefits in January. As such, the dates of the Flex Credit increases are updated in the provision below as an administrative change based on the intent of bargaining to align the benefit increase with the month in which the rate increases take effect. To keep the dates within the term of the contract, the third year \$30 per month Flex Credit increase reflects the start of the pay period for the first pay period in January 2022.

The specific provisions contained in this Agreement are intended to supersede any previous agreements, whether oral or written, regarding the matters contained in this Agreement.

The Parties have satisfied their obligations to meet and confer in good faith in accordance with the Meyers-Milias-Brown Act (“MMBA”).

Except as provided here, all wages, hours, and other terms and conditions of employment presently in the City’s MOU with the Local 39 remain in full force and effect.

A. The Parties mutually agree to replace Chapter 3, Article I, section C., Cafeteria Plan, to read as follows:

C. Cafeteria Plan

1. The City agrees to maintain a Cafeteria Plan, pursuant to Section 125 of the Internal Revenue Code or any related regulations, for the purpose of providing employees with access to various health and welfare benefits. Benefits available through the Cafeteria Plan include medical insurance, dental insurance, vision insurance and Long Term Disability (LTD) insurance.

2. The City agrees to provide a Cafeteria Plan Allowance to all employees eligible to participate in City sponsored health and welfare benefits under Section A of this Article of up to \$1,347.00 monthly (less the direct PEMHCA payment provided in paragraph B) for the term of the agreement.
 3. The City provides a flex plan credit of \$168.00 per month to be used by active employees for any benefit covered under the Cafeteria Plan. Effective ~~January~~ December 1, 2020~~19~~, the City will increase the flex plan credit to \$198. Effective ~~January~~ December 1, 2021~~0~~, the City will increase the flex plan credit to \$228. Effective December 31, 2021, the City will increase the flex plan credit to \$258, starting the first pay period for the next plan year, unless a different benefit is negotiated in a successor MOU.
 4. Employees who elect not to participate in any of the medical, dental, vision, or LTD insurance benefits sponsored by the City and who provide proof of other medical coverage will not receive any Cafeteria Plan Allowance under Section C(2) of this Article. Instead, employees who opt out of these City sponsored benefits will receive \$150 per month.
 - 4.5. Effective January 1, 2020, the City agrees to provide an additional flex credit of up to \$90 per month to be used for the payment of medical insurance by active employees who elect family medical coverage.
 6. Any Cafeteria Plan Allowance provided for under Section C(2) of this Article can only be used by an employee to offset the cost of participation in City sponsored medical, dental, vision, and LTD insurance benefits for the employee and any eligible dependents.
- B.** This additional \$90 per month flex credit contribution as described in Chapter 3, Article I, section (C) (5) will be included in the City cafeteria plan contribution amount as part of the total compensation study for the January 2021 Labor Market Adjustment referenced in Chapter 2, Article I, section C. of the MOU.

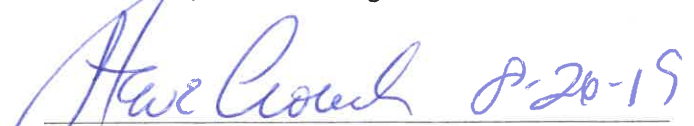
CITY OF ROSEVILLE

INTERNATIONAL UNION OF OPERATING
ENGINEERS, STATIONARY ENGINEERS, LOCAL 39

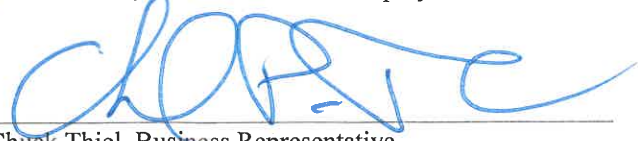
By: _____


Bart Florence, Business Manager

By: _____


Steve Crouch, Director of Public Employees

Date: _____


Chuck Thiel, Business Representative

Date: 8/26/19