

# LAST MINUTE AGENDA INFORMATION

## 9/17/14 Regular Meeting

*(Agenda Related Writings/Documents provided to a majority of the City Council after distribution of the Agenda Packet for the September 17, 2014 Regular meeting.)*

ITEM NO.      DESCRIPTION

<b>5.1</b>	ADOPTION OF RESOLUTION NO. 2014-7516 APPROVING AND ADOPTING SIDE LETTERS OF AGREEMENT TO THE MEMORANDUMS OF UNDERSTANDING BETWEEN THE CITY AND THE IMPERIAL BEACH FIREFIGHTERS' ASSOCIATION, LOCAL 4692, AND BETWEEN THE CITY AND SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 221, AND APPROVING HEALTH BENEFIT CHANGES FOR UNREPRESENTED APPOINTIVE MANAGEMENT AND CONFIDENTIAL EMPLOYEES, AND AMENDING THE FISCAL YEAR 2014/2015 CITY BUDGET APPROPRIATING THE NECESSARY FUNDS FOR HEALTH BENEFIT CHANGES. (0520-50) a. Staff report and resolution.
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AGENDA ITEM NO. 5.1

STAFF REPORT  
CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: ANDY HALL, CITY MANAGER *AH*

MEETING DATE: SEPTEMBER 17, 2014

ORIGINATING DEPT.: GREGORY WADE, ASSISTANT CITY MANAGER *GW*  
ERIKA N. CORTEZ, HUMAN RESOURCES MANAGER *EC*

SUBJECT: ADOPTION OF RESOLUTION NO. 2014-7516 APPROVING AND ADOPTING SIDELETTERS OF AGREEMENT TO THE MEMORANDA OF UNDERSTANDING BETWEEN THE CITY AND THE IMPERIAL BEACH FIREFIGHTERS' ASSOCIATION, LOCAL 4692, AND BETWEEN THE CITY AND SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 221, AND APPROVING HEALTH BENEFIT CHANGES FOR UNREPRESENTED APPOINTIVE MANAGEMENT AND CONFIDENTIAL EMPLOYEES, AND AMENDING THE FISCAL YEAR 2014/2015 CITY BUDGET APPROPRIATING THE NECESSARY FUNDS FOR HEALTH BENEFIT CHANGES

2014 SEP 16 PM 12:24  
*City Clerk*  
*GW*

**EXECUTIVE SUMMARY:**

Staff is recommending that the City Council adopt Resolution No. 2014-7516 approving and adopting two separate Sideletters of Agreement to the Fiscal Years 2013-2015 Memoranda of Understanding (MOUs) between the City and the Imperial Beach Fire Association (IBFA) and between the City and the Service Employees International Union (SEIU). The Sideletters of Agreement add new language regarding health benefit changes. Prior to presenting this Resolution to the City Council for consideration, the City's Labor Negotiation Team met and conferred with the IBFA and SEIU in good faith to discuss the terms of the Sideletters of Agreement. The City entered into a two-year MOU with IBFA and a two-year MOU with SEIU, both of which were effective July 1, 2013 through June 30, 2015. Except as amended by the Sideletters of Agreement, all other terms and conditions of the MOUs would remain in full force and effect. Additionally, the City Manager desires to pass through to the Unrepresented Appointive Management and Confidential employees, those health benefit changes that will be provided to IBFA and SEIU groups. Changes to health benefits from January 1, 2015 to June 30, 2015 will require a budget amendment to the City's Fiscal Year 2014/2015 Budget of an approximate increase of \$32,000 in order to appropriate the funds for these health benefit changes.

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Date: 9/17/14 Item No. 5.1  
Last Minute Agenda Information

**BACKGROUND:**

The City Manager maintains the authority to establish or amend wages, salaries and benefits, etc., for Unrepresentative Appointive staff and City employees as a matter of business and operational necessity subject to the approval by the City Council.

Members of the City's Fire Service are represented by the Imperial Beach Fire Association, Local 4692 (IBFA) and members of the City's Miscellaneous Classified Service are represented by the Service Employees International Union, Local 221 (SEIU). The City entered into a two-year Memorandum of Understanding (MOU) with IBFA and a two-year MOU with SEIU both effective July 1, 2013 through June 30, 2015.

The City contracts with California Public Employees' Retirement System (CalPERS) to provide health benefits to employees. On June 17, 2014, CalPERS released the 2015 medical premiums, which reflect premium increases of between 2% - 22.73%, depending upon the plan in which an employee is enrolled. The plan with by far the highest enrollment of City employees will see the 22.73% increase. Management assessed the impact this could cause to City employees' out-of-pocket cost in 2015 versus the out-of-pocket costs in 2014. Based upon the medical plan in which the employee is enrolled in 2014, Management determined that employees will have an out-of-pocket cost increase of between \$158 and \$220 a month in 2015 than what their current out-of-pocket cost are currently in 2014.

**ANALYSIS:**

To address the potential increase of employees' out-of-pocket costs, the City's Negotiation Team met independently with representatives of IBFA and representatives of SEIU bargaining units to meet and confer in good faith and reached an agreement on the terms contained in the attached signed Sideletters of Agreement to the MOU for each group.

The item before Council is to approve two Sideletters of Agreement to the IBFA MOU and the SEIU MOU which would make changes to health benefits where the City will pay any increase in medical premiums so that the out-of-pocket cost to the employee in 2015 will be no greater than the out-of-pocket cost to the employee in 2014, based on the medical plan in which the employee is enrolled in 2014. The City will pay any increase in medical premiums so that the taxable income credit received by any employee will be comparable to the taxable income credit the employee is receiving in the current calendar year, based on the medical plan in which the employee is enrolled in 2014. The afore-mentioned changes to health benefits will be for January 1, 2015 through June 30, 2015, to cover the remaining terms of the respective MOUs. These benefits will expire on June 30, 2015 and will then be subject to future bargaining negotiations.

Except as amended by the Sideletters of Agreement, all other terms and conditions of the IBFA MOU and the SEIU MOU from July 1, 2013 through June 30, 2015 will remain in full force and effect. The IBFA Sideletter of Agreement has been ratified and approved by the membership on September 15, 2014. The SEIU Sideletter of Agreement has been ratified and approved by the membership on September 15, 2014.

Additionally, as has been past practice, the City Manager recommends that these health care benefits be passed through to and approved for the Unrepresented Appointive Management and Confidential employees, in the same manner as those provided to the IBFA and SEIU groups.

**ENVIRONMENTAL DETERMINATION:**

The information presented and the actions recommended are not a project as defined by CEQA.

**FISCAL IMPACT:**

Changes to the health benefits for IBFA, SEIU, and Unrepresented Appointive Management and Confidential employees for the period of January 1, 2015 through June 30, 2015 will cost approximately \$32,000 for this six-month period. This will require an amendment to the Fiscal Year 2014/2015 City Budget & Operating Guide to appropriate approximately \$32,000 of funds necessary to cover the increased cost of these health benefit changes.

**RECOMMENDATION:**

Staff recommends that the City Council adopt Resolution No. 2014-7515 which will:

1. Approve and adopt the Sideletter of Agreement to the Memorandum of Understanding between the City and IBFA.
2. Approve and adopt the Sideletter of Agreement to the Memorandum of Understanding between the City and SEIU.
3. Approve health benefit changes to Unrepresented Appointive Management and Confidential employees, in the same manner as those provided to IBFA and SEIU groups.
4. Amend the Fiscal Year 2014/2015 City Budget & Operating Guide to add approximately \$32,000 to employee health care compensation and to appropriate the necessary funds to cover the increased cost of these approved health benefit changes from January 1, 2015 through June 30, 2015.

Attachments:

1. Resolution No. 2014-7516
2. Sideletter of Agreement to IBFA
3. Sideletter of Agreement to SEIU

**RESOLUTION NO. 2014-7516**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, APPROVING AND ADOPTING SIDELETTERS OF AGREEMENT TO THE MEMORANDA OF UNDERSTANDING BETWEEN THE CITY AND THE IMPERIAL BEACH FIREFIGHTERS' ASSOCIATION, LOCAL 4692, AND BETWEEN THE CITY AND SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 221, AND APPROVING HEALTH BENEFIT CHANGES FOR UNREPRESENTED APPOINTIVE MANAGEMENT AND CONFIDENTIAL EMPLOYEES, AND AMENDING THE FISCAL YEAR 2014/2015 CITY BUDGET APPROPRIATING THE NECESSARY FUNDS FOR HEALTH BENEFIT CHANGES**

**WHEREAS**, Employer-Employee Relations for the City of Imperial Beach (hereinafter, "City") are governed by California Government Code section 3500 through 3511, known as the Meyers-Milias-Brown Act; and

**WHEREAS**, the Imperial Beach Fire Association, Local 4692 (IBFA) is the exclusive bargaining agent and representative of the City's Fire Service; and

**WHEREAS**, the City and IBFA entered into a two-year Memorandum of Understanding (MOU) effective July 1, 2013 through June 30, 2015; and

**WHEREAS**, and the Service Employees International Union, Local 221 (SEIU) is the exclusive bargaining agent and representative of the City's Miscellaneous Classified Service; and

**WHEREAS**, the City and SEIU entered into a two-year MOU effective July 1, 2013 through June 30, 2015; and

**WHEREAS**, the City's Negotiation Team met independently with representatives of both IBFA and SEIU bargaining units and met and conferred in good faith regarding changes to health benefits; and

**WHEREAS**, the parties agree to make changes to health benefits and desire to amend the current MOU with the City and IBFA and the current MOU with the City and SEIU; and

**WHEREAS**, these agreements shall serve as a Side Letter Agreement to the MOU with the City and IBFA and the MOU with the City and SEIU for July 1, 2013 through June 30, 2015; and

**WHEREAS**, changes made to the health benefits reflected in the Side Letter Agreement to the MOU between the City and IBFA and the MOU between the City and SEIU will be implemented during the period of January 1, 2015 through June 30, 2015. These benefits will expire on June 30, 2015 and will be subject to future bargaining negotiations; and

**WHEREAS**, except as amended by the Side Letter Agreement, all other terms and conditions of the MOU between the City and IBFA and the MOU between the City and SEIU from July 1, 2013 through June 30, 2015 shall remain in full force and effect; and

**WHEREAS**, the City Manager desires to pass through to the Unrepresented Appointive Management and Confidential employees, the health benefit changes that will be provided to IBFA and SEIU groups; and

**WHEREAS**, changes to the health benefits for IBFA, SEIU, and Unrepresented Appointive Management and Confidential employees for the period of January 1, 2015 through June 30, 2015 will cost approximately \$32,000 for the six-month period.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Imperial Beach as follows:

1. The above recitals are true and correct.
2. The City Council hereby approves and adopts the Sideletter of Agreement to the MOU between the City and IBFA resulting from the meet and confer process with this labor union group.
3. The City Council hereby approves and adopts the Sideletter of Agreement to the MOU between the City and SEIU resulting from the meet and confer process with this labor union group.
4. The City Council hereby approves those health benefit changes that will be provided to employees represented by IBFA and SEIU to Unrepresented Management and Confidential employees.
5. The City Council amends Fiscal Year 2014/2015 City Budget & Operation Guide to add approximately \$32,000 to employee health care benefit compensation and appropriates the funds necessary to cover the increased cost of the approved health benefit changes from January 1, 2015 through June 30, 2015.

**PASSED, APPROVED, AND ADOPTED** by the City Council of the City of Imperial Beach at its meeting held on the 17th day of September 2014, by the following vote:

**AYES: COUNCILMEMBERS:**  
**NOES: COUNCILMEMBERS:**  
**ABSENT: COUNCILMEMBERS:**

\_\_\_\_\_  
**JAMES C. JANNEY, MAYOR**

**ATTEST:**

\_\_\_\_\_  
**JACQUELINE M. HALD, MMC**  
**CITY CLERK**

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**SIDE LETTER OF AGREEMENT  
between the City of Imperial Beach  
and Imperial Beach Firefighters' Association (IBFA) Local 4692**

**WHEREAS**, Employer-Employee Relations for the City of Imperial Beach (hereinafter, "City") are governed by California Government Code section 3500 through 3511, known as the Meyers-Milias-Brown Act ("MMBA"); and

**WHEREAS**, the Imperial Beach Firefighters' Association Local 4692 is the exclusive bargaining agent and representative of the City's sworn Fire employees; and

**WHEREAS**, the City and the Firefighters' Association entered into a Memorandum of Understanding ("MOU") effective July 1, 2013 through June 30, 2015; and

**WHEREAS**, the parties met and conferred in good faith regarding health benefits; and

**WHEREAS**, the parties agree to changes regarding health benefits and desire to amend the current MOU;

**WHEREAS**, this agreement shall serve as a Side Letter Agreement to the MOU for July 1, 2013 through June 30, 2015.

NOW THEREFORE, the City and Firefighters' Association mutually agree as follows:

- 1) The following language will be added to MOU Article 13.0, Section 1 "Employee Benefits- Cafeteria Plan and Allotment:"

For January 1, 2015 through June 30, 2015:

- a. For employees electing to enroll in single medical plans, the CITY will pay any increase in medical premiums so that the taxable income credit for these employees will be comparable to the taxable income credit the employee is receiving in the calendar year 2014 based on the medical plan the employee is enrolled in 2014, and subject to the employee's other qualified benefit elections for 2015.
- b. For employees electing to enroll in Employee + 1 or Employee + Family medical plans, the City will pay any increase in medical premiums so that the out-of-pocket expense for the medical plan for these employees will not be greater than the out-of-pocket amount the employee is paying for the medical plan in the calendar year 2014 based on the medical plan in which the employee is enrolled in 2014. If the Employee elects to switch to a less expensive medical plan so the out-of-pocket expense for the medical plan decreases in calendar year 2015, the Employee will only receive \$930 per month (\$11,160 per plan year) and employees will not receive any additional cafeteria allotment.

- c. Employees electing to add dependents (to Employee +1 or Employee + Family) either during open enrollment for Calendar Year 2015 or based on a qualified event, as defined pursuant to CalPERS regulations, during the time period from January 1, 2015 thru June 30, 2015, are entitled to the following:
  - 1. The City will cover the increase to medical premiums so that the out-of-pocket amount the employee will pay in 2015 for the medical plan will be equivalent to the out-of-pocket amount the employee would have paid in 2014 for them medical plan for the employee and dependents (Employee + 1 or Employee + Family) based on the health plan the employee was enrolled in 2014.
  - 2. If the employee elects to switch to a less expensive plan, the employee will pay the out-of-pocket expenses for the medical plan equivalent to the amount the employee would have paid in 2014 for the medical plan for the employee and dependents (Employee + 1 or Employee + Family) as if the employee and dependents were enrolled in the less expensive plan in 2014.
- d. Employees electing to drop dependents from Employee + 1 or Employee + Family to Employee Only during open enrollment for Calendar Year 2015 or based on a qualified event, as defined pursuant to CalPERS regulations, during the time period from January 1, 2015 thru June 30, 2015, are entitled to the following:
  - 1. The City will pay any increase in medical premiums so that the taxable income credit for these employees will be comparable to the taxable income credit the employee would have received in the calendar year 2014 for the Employee Only medical plan as if the employee was enrolled as an Employee Only in 2014 in that medical plan, and subject to the employee's other qualified benefit elections for 2015.
- e. Employees enrolled in the Blue Shield Net Value Plan in 2014 that choose to enroll in the Sharp Plan during open enrollment for Calendar Year 2015, are entitled to the following:
  - 1. For employees electing to enroll in Employee +1 or Employee Family Sharp Plan, the City will cover any increase to medical premiums so that the out-of-pocket amount the employee will pay in 2015 for the Sharp Plan will be equivalent to the out-of-pocket amount the employee paid in 2014 for the Blue Shield Net Value Plan for Employee +1 or Employee + Family.
  - 2. For employees electing to enroll in single Sharp medical plan, the City will pay any increase in medical premiums so that the taxable income credit for these employees will be comparable to the taxable income credit the employee received in the calendar year 2014 for the single Blue Shield Net Value Plan, and subject to the employee's other qualified benefit elections for 2015.

3. This section only applies to employees enrolled in a Single, Employee + 1, or Employee + Family Blue Shield Net Value Plan in 2014 that elect to enroll in the Sharp Plan for 2015.

e.f. The above benefits will expire on June 30, 2015.

- 2) The following language will be added to MOU Article 13.0, Section 2 “Employee Benefits- Health, Dental and Vision Payroll Deductions Treated as Pre-Tax”:

Any taxable income paid to the employee who elects not to be covered under the City’s medical health insurance plan must comply with the cash-out limits of either \$400 or \$150 as stated in Article 14, Section 1 of the MOU based on the employee’s hire date.

- 3) Except as amended by this Sideletter of Agreement, all other terms and conditions of the MOU from July 1, 2013 through June 30, 2015 shall remain in full force and effect.

Executed in Imperial Beach, California by:

Firefighters Association:

\_\_\_\_\_  
Colin McKay, President

\_\_\_\_\_  
DATE

City of Imperial Beach:

\_\_\_\_\_  
Andy Hall, City Manager

\_\_\_\_\_  
DATE

**SIDE LETTER OF AGREEMENT  
between the City of Imperial Beach  
and Service Employees International Union (SEIU) Local 221**

**WHEREAS**, Employer-Employee Relations for the City of Imperial Beach (hereinafter, "City") are governed by California Government Code section 3500 through 3511, known as the Meyers-Milias-Brown Act ("MMBA"); and

**WHEREAS**, the Service Employees International Union, Local 221 ("SEIU") is the exclusive bargaining agent and representative of the City's Miscellaneous Classified Service; and

**WHEREAS**, the City and SEIU entered into a Memorandum of Understanding ("MOU") effective July 1, 2013 through June 30, 2015; and

**WHEREAS**, the parties met and conferred in good faith regarding health benefits; and

**WHEREAS**, the parties agree to changes regarding health benefits and desire to amend the current MOU;

**WHEREAS**, this agreement shall serve as a Side Letter Agreement to the MOU for July 1, 2013 through June 30, 2015.

NOW THEREFORE, the City and SEIU mutually agree as follows:

- 1) The following language will be added to MOU Article 14.0, Section 1 "Insurance Benefits- Cafeteria Plan and Allotment:"

For January 1, 2015 through June 30, 2015:

- a. For employees electing to enroll in single medical plans, the CITY will pay any increase in medical premiums so that the taxable income credit for these employees will be comparable to the taxable income credit the employee is receiving in the calendar year 2014 based on the medical plan the employee is enrolled in 2014, and subject to the employee's other qualified benefit elections for 2015.
- b. For employees electing to enroll in Employee + 1 or Employee + Family medical plans, the City will pay any increase in medical premiums so that the out-of-pocket expense for the medical plan for these employees will not be greater than the out-of-pocket amount the employee is paying for the medical plan in the calendar year 2014 based on the medical plan in which the employee is enrolled in 2014. If the Employee elects to switch to a less expensive medical plan so the out-of-pocket expense for the medical plan decreases in calendar year 2015, the Employee will only receive \$930 per month (\$11,160 per plan year) and employees will not receive any additional cafeteria allotment.

- c. Employees electing to add dependents (to Employee +1 or Employee + Family) either during open enrollment for Calendar Year 2015 or based on a qualified event, as defined pursuant to CalPERS regulations, during the time period from January 1, 2015 thru June 30, 2015, are entitled to the following:
1. The City will cover the increase to medical premiums so that the out-of-pocket amount the employee will pay in 2015 for the medical plan will be equivalent to the out-of-pocket amount the employee would have paid in 2014 for the medical plan for the employee and dependents (Employee + 1 or Employee + Family) based on the health plan the employee was enrolled in 2014.
  2. If the employee elects to switch to a less expensive plan, the employee will pay the out-of-pocket expenses for the medical plan equivalent to the amount the employee would have paid in 2014 for the medical plan for the employee and dependents (Employee + 1 or Employee + Family) as if the employee and dependents were enrolled in the less expensive plan in 2014.
- d. Employees electing to drop dependents from Employee + 1 or Employee + Family to Employee Only during open enrollment for Calendar Year 2015 or based on a qualified event, as defined pursuant to CalPERS regulations, during the time period from January 1, 2015 thru June 30, 2015, are entitled to the following:
1. The City will pay any increase in medical premiums so that the taxable income credit for these employees will be comparable to the taxable income credit the employee would have received in the calendar year 2014 for the Employee Only medical plan as if the employee was enrolled as an Employee Only in 2014 in that medical plan, and subject to the employee's other qualified benefit elections for 2015.
- e. Employees enrolled in the Blue Shield Net Value Plan in 2014 that choose to enroll in the Sharp Plan during open enrollment for Calendar Year 2015, are entitled to the following:
1. For employees electing to enroll in Employee +1 or Employee + Family Sharp Plan, the City will cover any increase to medical premiums so that the out-of-pocket amount the employee will pay in 2015 for the Sharp Plan will be equivalent to the out-of-pocket amount the employee paid in 2014 for the Blue Shield Net Value Plan for Employee +1 or Employee + Family.
  2. For employees electing to enroll in single Sharp medical plan, the City will pay any increase in medical premiums so that the taxable income credit for these employees will be comparable to the taxable income credit the employee received in the calendar year 2014 for the single Blue Shield Net Value Plan, and subject to the employee's other qualified benefit elections for 2015.
  3. This section only applies to employees enrolled in a Single, Employee + 1, or Employee + Family Blue Shield Net Value Plan in 2014 that elect to enroll in the Sharp Plan for 2015.

f. The above benefits will expire on June 30, 2015.

- 2) The following language will be added to MOU Article 14.0, Section 2 “Insurance Benefits- Health, Dental and Vision Payroll Deductions Treated as Pre-Tax”:

Any taxable income paid to the employee who elects not to be covered under the City’s medical health insurance plan must comply with the cash-out limits of either \$400 or \$150 as stated in Article 14, Section 1 of the MOU based on the employee’s hire date.

- 3) Except as amended by this Sideletter of Agreement, all other terms and conditions of the MOU from July 1, 2013 through June 30, 2015 shall remain in full force and effect.

Executed in Imperial Beach, California by:

SEIU:

\_\_\_\_\_  
Michael Murphy, SEIU President

\_\_\_\_\_  
DATE

City of Imperial Beach:

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Andy Hall, City Manager

\_\_\_\_\_  
DATE