

Amended Agreement
Between
City of Modesto
And
Modesto Police Officer's Association
Regarding Contract Extension
August 18, 2010

The City of Modesto hereby referred to as "City" and the Modesto Police Officer's Association, hereby referred to as "Association" execute this Contract Extension Agreement modifying the existing Memorandum of Understanding with the term of December 23, 2008 – March 28, 2011. Unless otherwise modified by this contract extension agreement all terms of the MOU shall be extended from March 28, 2011 – July 15, 2013:

The City and the Association agree:

1. **Term of Memorandum** Section 1: shall be amended to extend the end of the current term of the MOU from 12:00 a.m. (midnight) on March 28, 2011 to 12:00 a.m. (midnight) on July 15, 2013.
2. **Salary** Section 4 B.4: shall be amended to defer the effective date of the 2.0% salary range adjustment increase from August 31, 2010 to July 31, 2012.
3. **Salary** Section 4 B.5 shall be amended to defer the effective date of the 3.0% salary range adjustment increase from February 1, 2011 to July 2, 2013.
4. **Mandatory Furloughs** will be taken by each employee in the bargaining unit as follows:
 - a. Fiscal Year July 1, 2010 – June 30, 2011 each member shall have 3.5% (4 hours) of pay deducted from his/her paycheck for eighteen (18) pay periods beginning the pay period of July 20, 2010 and ending on March 28, 2011. Effective pay period beginning July 20, 2010, the City shall create for each member a furlough bank of 72 hours for fiscal year 2010 - 2011.
 - b. Fiscal Year July 1, 2011 – June 30, 2012 each member shall have 3.5% (4 hours) of pay deducted from his/her paycheck for eighteen (18) pay periods beginning pay period June 21, 2011 through pay period ending February 27, 2012. Effective pay period beginning June 21, 2011 the City shall advance each member a furlough bank of 72 hours for fiscal year 2011 – 2012.

- c. Fiscal Year July 1, 2012 – June 30, 2013 each member shall have 4.6% (4 hours) of pay deducted from his/her paycheck for twenty-four (24) pay periods beginning the pay period of June 19, 2012 through pay period ending on May 20, 2013. Effective pay period beginning June 19, 2012, the City shall advance each member a furlough bank of 96 hours for fiscal year 2012– 2013.
 - d. There is no cash value to the furlough bank hours. Unused furlough bank hours not taken by July 15, 2016 shall be forfeited. MPOA members may use furlough bank hours prior to using sick time or vacation time.
 - e. The parties agree that the City has the sole discretion to assign overtime and that the City shall not allow members of this bargaining unit to require the City to backfill with overtime to cover furlough hours in order to avoid actual reduction of pay of any employee.
 - f. Employees who work a reduced work schedule will have the furlough requirements reduced in proportion to their schedules.
 - g. Employees who separate from City service and has not contributed the salary reduction equivalent to furlough bank hours taken shall authorize the City to reduce the employee's final check by the amount needed to cover the unpaid furlough bank hours.
5. **Salary Progression through the Step Ranges** Section 4.C. 2 -4 will become temporarily inoperative from the first pay period of fiscal year 2010 – 2011 through the last pay period of fiscal year 2012 – 2013. Therefore, MPOA members will not receive any step increases during this period. Beginning in fiscal year 2013 -2014 Section 4.C.2 – 4 will become operative and employees will move to the next step of the salary range (one step) on the employees' normal anniversary date.
6. **Health, Dental and Vision Insurance** Section 13 shall be amended as follows:
- a. The increases in the City's contribution for fiscal plan year 2010 – 2011 in Section 13 of the MOU shall be deferred until January 1, 2013.
 - b. In January 2011 the City shall increase its monthly contribution to employees without dependents by \$25.00 and \$50.00 for employees with dependents. There will be no increase in the opt out amount currently provided for in the MOU.
7. **Retiree Health Insurance Section 12** shall be amended to include a new Defined Contribution Health Reimbursement Account for eligible Employees Hired on or after January 1, 2011 as incorporated by this reference to this agreement as Attachment A.
8. **Reopeners:** The City and the Association agree to the following reopener:
- A. Two tier retirement discussion for new hires: agreement is required including the process of impasse/arbitration.

- B. Association agrees to meet and discuss regarding current employees converting from current sick leave to retiree medical trust.
- C. The City and the Association agrees to meet and discuss possible additional concession if needed, during the term of this contract.

This Contract Extension Agreement shall become effective upon ratification by the MPOA and adoption by the City Council on its regular agenda in conformance with the Brown Act.

Dated: 8-19-10

Dated: 9/9/10

For the Association: [Signature]

For the City: [Signature]

For the Association: Lucia Butts

For the City: [Signature]

ATTACHMENT A to Agreement

Between

City of Modesto

And

Modesto Police Officer's Association

Regarding Contract Extension

June 10, 2010

SECTION 12: RETIREE HEALTH INSURANCE

I. Eligible Employees hired on or before January 1, 2011:

- A. Employees may elect on a one-time basis at retirement to purchase health, dental and/or vision insurance under a CITY authorized plan **and is responsible for all cost**. Upon the death of a retired employee enrolled in one of the plans, surviving dependents **actively enrolled in** plan retains eligibility for enrollment participation in the plans.
- B. Leave Conversion
1. Effective fiscal year 1990-91, employees who retire after five (5) **continuous** years of service in good standing may, on a one time basis, have ninety (90%) percent of their unused sick leave applied by the CITY upon retirement to premiums for health insurance plans covered by the CITY. Said insurance shall be provided in an amount up to that contributed to active employees, as needed to cover the cost of retiree health premiums at the rate of one (1) month of premium **CITY** contributions for each eight (8) hours of sick leave. ~~The CITY's contribution to active employees without dependent coverage shall be further defined as that amount contributed to active employees on the lowest priced HMO health plan, including Dental and Vision, for plan years 2009-2010 and 2010-2011.~~ Upon death of the employee, the employee's spouse, or registered domestic partner, or dependents **actively enrolled in plan** shall remain eligible to receive the remaining benefit under the same terms and conditions.
 2. ~~In addition, effective November 9, 1993, or the closest pay period thereto, for retirees who retired after July 1, 1990, and elect to have~~

~~dental and/or vision insurance, the CITY shall contribute an amount up to that contributed to the CITY's dental insurance plan and/or the CITY's vision insurance plan for active employees, for the same number of months as calculated for health insurance.~~

3. Employees who select paragraph 1 above may, in addition to converting accrued sick leave to health insurance, convert accrued compensatory time, vacation leave, holiday time, and grand fathered holiday time upon retirement to premiums for health insurance plans covered by the CITY on the same basis as sick leave. Any amount of compensatory time, vacation leave or holiday time so applied shall be subtracted from the cash out of such leaves/times provided for in this MOU.
- C. The CITY's monthly contribution rate towards health, dental and vision insurance for those retirees participating in the sick leave conversion program shall be up to the following amounts, as needed to cover the cost of the premiums:
1. Up to \$535.00 **\$596** monthly for retirees without dependent coverage, effective August 1, 2008. This contribution rate is subject to change August 1, 2009, and August 1, 2010, pursuant to paragraph B, 1, above. **This amount shall increase to \$621 effective January 1, 2011.**
 2. Up to \$957.00 **\$1,050** monthly for retirees with dependent coverage, effective August 1, 2008. **This amount shall increase to \$1,100 effective January 1, 2011.**

Monthly	Effective
\$1050.00	August 1, 2009
\$1125.00	August 1, 2010

~~Effective August 1, 2003,~~ The CITY's contribution toward dependent coverage shall not exceed the actual premium amount for the lowest cost HMO for active employees (including Dental and Vision) offered by the CITY, regardless of the health plan selected by the retiree or the contribution amounts listed above.

- D. If a retiree's health premium in any given month is less than the designated CITY contribution, the excess contribution shall be applied on behalf of the retiree to that month's premiums for dental and/or vision insurance, if the retiree has elected these plans.

At the time a retiree initially moves or during any open enrollment period or IRS-approved life change situation, a retiree who lives out of the HMO service area, or out of state, may elect to use multiple monthly increments (up to a

maximum of three (3) months) of their accumulated sick leave conversion benefits to offset higher health insurance premiums for plans sponsored by the CITY. During any subsequent open enrollment, the retiree may reduce the number of multiple increments. Retirees electing this option will be required to sign an acknowledgement form that indicates they understand that they will be using their benefit proportionately.

~~Effective fiscal year 1994-1995, the CITY will notify retirees of the amount of their insurance premiums on an annual basis and will no longer provide monthly statements. Retirees will be responsible for submitting their appropriate monthly premium.~~

II. Eligible Employees hired on or after January 1, 2011:

A. Employees may elect on a one-time basis at retirement to purchase health, dental and/or vision insurance under a CITY-authorized plan and is responsible for all costs. Upon the death of a retired employee enrolled in one of the plans, surviving dependents actively enrolled in plan retains eligibility for participation in the plan.

B. For employees hired on or after January 1, 2011, the City shall contribute to a Defined Contribution retiree medical benefit plan for each eligible employee in the form of a deposit into a Health Reimbursement Arrangement (HRA) account, as described below:

1) Eligibility: Regular full time employees and employees in regular positions budgeted less than eighty (80) hours per pay period or job-shared positions are eligible to receive a City HRA contribution, if they have completed two (2) full years of continuous City regular service. If an employee separates employment before meeting the eligibility requirement, the employee shall receive no benefit.

2) City Contribution:

a. Initial Contribution: On the first pay period following completion of two (2) full years of continuous City service, regular full time employees shall receive a lump sum contribution of \$2,400 deposited into an HRA account established in their name. Employees in regular positions budgeted less than eighty (80) hours per pay period or job-shared positions, shall receive a pro-rated lump sum contribution based on their hours worked.

b. Regular City Contribution: After the initial contribution (defined above) is made, the City shall contribute \$0.5769 per pay status hour (no more than 80 hours biweekly), not including overtime, for each eligible full time employee up to a maximum of \$100.00 per month (\$46.15 per pay period) for full time employees. For a full time employee, this equates to a maximum of \$1,200 per year after the initial eligibility period is met. Employees hired on or after January 1, 2011 and subject to this defined contribution plan shall not be eligible for any sick leave conversion towards retiree medical premiums of any sort. The City's contribution under this section represents the entire contribution towards employee retiree medical.

3) Access to Account Balance:

- a) Participants may access the balance in their HRA account upon termination of employment and attainment of age 50 or retirement from CalPERS Retirement System, whichever is earlier.
- b) Participants may defer accessing the account balance to any time beyond the earliest date described in (a).
- c) Amounts that remain in the account balance are available to reimburse the participant for the same permitted medical expenses for the spouse and any other dependent covered under the retiree medical plan subject to the limitations and maximums as stipulated by law, however, federal regulations at this time does not permit the inclusion of expenses for domestic partners.

4) Survivors of eligible retirees with account balances:

- a) Spouses and eligible dependent children or dependent adults that are disabled may continue to access account balances after the death of the retiree subject to the limitations and maximums as stipulated by law.
- b) Domestic partners are not permitted access to the account balances of the participant at this time by virtue of restrictions in the federal regulations that govern these types of accounts.

5) Forfeiture of account balance:

- a) If an active employee dies prior to retirement, the amount of account balance is available to eligible spouses and dependents to reimburse them for medical expenses permitted under the applicable section of the Internal Revenue code.
 - b) Account balances in part or in total for active participants or retirees without any eligible spouse or dependent or unused account balances after the death of the last eligible spouse or dependent will be forfeited and returned to all other active and retired participants in the form of a dividend allocated in direct proportion to the amount to be distributed divided by the total account balance for all participants applied to each individual account balance.
- 6) This benefit will be subject to regulation under section 105(b) of the Internal Revenue Code and subject to revenue rulings for these types of plans as promulgated.