

SIDE LETTER AGREEMENT NO. 8

TO AGREEMENT NO. 6710-A

BETWEEN

THE CITY OF NAPA

AND

ADMINISTRATIVE, MANAGERIAL AND PROFESSIONAL EMPLOYEES

2010 BUDGET SAVINGS SIDE LETTER

1. The City of Napa (City) and the Administrative, Managerial and Professional Employees (AMP) are parties to an MOU with a term of January 1, 2003 through February 28, 2011. The parties are committed to maintaining cooperative labor relations, including discussions over matters outside of the MOU, now and in the future.
2. The parties agree to modify the MOU as described below. All terms and conditions set forth in the MOU which are not specifically modified by this Side Letter shall remain in full force and effect.

Contract Term

3. Section 2 of the MOU shall be modified as follows:

The term of this Memorandum of Understanding shall be January 1, 2003 through ~~February 28, 2011~~ **December 31, 2011**. However, because some terms, provisions and benefits under this Agreement do not become effective until dates subsequent to the January 1, 2003 initial effective date of this Agreement, no employee shall be entitled to any term, provision or benefit under this Agreement unless he or she is actively and regularly employed by the City on the date such term, provision or benefit becomes effective; any employee who retires, is terminated or otherwise discontinues regular and active employment with the City shall not be entitled to any term, provision or benefit that first becomes effective after that employee's last date of active and regular employment with the City, irrespective of the fact that such employee's active and regular employment ended subsequent to the initial January 1, 2003 effective date of this Agreement.

This Memorandum of Understanding is intended to and shall supercede the parties previous Memorandum of Understanding (City Agreement No. 6710-A) dated May 1, 2001 (excluding provisions or benefits already provided as of December 31, 2002).

Medical Coverage & Health-in-Lieu

4. Section 4 of the MOU shall be modified as follows:

4.1 During the term of this agreement, the City will continue to offer current medical insurance plans, which offer benefits substantially equivalent to those available under the parties' previous MOU. ~~Employees will contribute on a payroll deduction basis four dollars (\$4.00) per month for employee-only coverage; seven dollars (\$7.00) per month for employee-plus-one (1) dependent coverage; or ten dollars (\$10.00) per month for full-family coverage. The City will assume all increases in premium rates during the term of the agreement. Effective March 1, 2004 through June 30, 2010,~~ each bargaining unit member will contribute on a payroll deduction basis, ten dollars (\$10.00) per month for employee-only coverage; fifteen dollars (\$15.00) per month for employee-plus-one (1) dependent coverage; or twenty dollars (\$20.00) per month for full-family coverage.

Effective July 1, 2010, the City will contribute the amount equivalent to the Kaiser rate for the monthly premium for the medical plan in which the employee is enrolled (employee-only, employee-plus-one, or family). The City will assume all increases in Kaiser premium rates during the term of this agreement. Bargaining unit members who choose a plan other than Kaiser will contribute on a payroll deduction basis the amount of premium, if any, that exceeds the equivalent Kaiser plan rate. AMP and the City agree to plan design changes for Kaiser, HealthNet HMO, and HealthNet PPO as outlined in Attachment A.

- 4.9 The City will continue to provide, in lieu of coverage under a health plan provided by the City, an employee who provides proof of coverage comparable to that provided by the City through a spouse or other source will be paid by the City the equivalent of fifty percent (50%) of the highest monthly premium for which the employee is eligible. Effective July 1, 2010, the in-lieu payment will be the equivalent of fifty percent (50%) of the FY 2010/11 Kaiser premium for which the employee is eligible. Effective the pay period containing July 1, 2011, the in-lieu payment will be five hundred dollars (\$500.00) per month. Such payment will be either in cash or into the employee's deferred compensation plan, at the employee's option. The employee must complete a form provided by the City's Finance Department. Re-enrollment in a plan provided by the City other than during the annual open enrollment period will be permitted only in the event of a significant personal event (i.e., death of a spouse, divorce, loss of spousal coverage, etc.), and will be subject to the requirements of the health plan provider.

5. The parties are committed to maintaining cooperative labor relations, including discussions over matters outside of the MOU, now and in the future, which may include additional budget sustainability issues. This is not an agreement to re-open the contract, unless the parties mutually agree to such reopener.

Cost-of-Living Adjustments

6. Section 3.2 of the MOU shall be modified as follows:

In an effort to save the City's budgeted two percent (2%) for cost-of-living increases, AMP agrees to forego the negotiated increase for March 1, 2010. There shall be no cost-of-living adjustments for the remainder of the MOU.

Early Retirement/Retiree Medical

7. Section 9 provides that for those employees eligible to choose sick leave conversion for retiree medical coverage, the City contribution is based on the current single-party health insurance premium, and that "[r]etiree sick leave conversion benefits provided herein shall not require the City to pay premiums exceeding the single-party health insurance premiums for existing employees as modified from time to time." The City acknowledges that under this provision, the City's contribution is based on the active single-party premium for the plan selected by the retired employee. For those retired members eligible for sick leave conversion who choose to enroll in the Kaiser-Under-65 City group plan, through the term of this MOU, the City has further agreed to pay up to the single-party retiree premium for that plan.

8. Section 5 of the MOU shall be modified as follows:

5.12 The City will provide retiree's health insurance reimbursement (as described in the latter part of this provision) provided that the employee meets and abides by all of the following qualifications;

- (1) The employee must have worked for the City a minimum of fifteen (15) years and taken a service or disability retirement from the City and actually draw a PERS pension within ninety (90) days of separation from the City provided the employee remains with the City's health plan through COBRA. Effective December 1, 2003, the employee must have worked for the City a minimum of ten (10) years and taken a service or disability retirement from the City and actually draw a PERS pension within ninety (90) days of separation from the City provided the employee remains with the City's health plan through COBRA. **For employees who choose to retire between June 1, 2010 and December 31, 2010, the employee must have worked for the City a minimum of eight (8) years and take a service retirement from the City and actually draw a PERS pension within ninety (90) days of separation from the City to qualify for this benefit.**
- (2) The employee must be enrolled in one of the City's available health plans prior to retirement. If an employee receives in lieu health coverage per Section 4.9 of this MOU, they must enroll in the City's available health plan during the open enrollment period prior to retirement in order to qualify for the benefit. **Retired employees will be eligible to participate in the City's annual open enrollment period.**
- (3) The full cost of a retired employee's participation in one of the medical plans will be deducted from the employee's retirement check subject to item (4) below.
- (4) A retired employee will no longer be eligible to participate in the City's medical plan should the employee elect to be covered by another medical plan. Furthermore, it is agreed that a retired employee who once waives his or her participation in the City's medical plan coverage that such waiver shall be irrevocable. **Retired employees who elect to be covered by a Kaiser individual medical plan or through an AARP-sponsored plan shall not be considered to have waived participation in the City's medical plan coverage. Retired employees will be eligible to participate in the City's annual open enrollment period for health insurance.**
- (5) The employee will make a one time irrevocable choice as to the supplemental payment by the City toward the retired employee's medical coverage. An employee hired on or prior to July 1, 1982 may choose to have the current plan described in Section 9.1 (sick leave conversion to retiree medical coverage) or the employee may choose the plan described below.
- (6) Supplemental Payments
 - a) An employee retiring and who meets the conditions described above will receive a supplemental payment by the City toward the employee's retiree medical coverage of Seventy-five Dollars (\$75.00) per month. This payment shall remain in effect for the life of the retiree only. The payment

shall cease upon death of the retiree, re-employment of the retiree in a capacity where they again are earning a PERS retirement benefit, or the retiree fails to meet the other applicable conditions specified in this section. However, the retiree may elect to use this supplemental payment for another health plan provided they submit documentation that provides proof of paid health insurance coverage to the City of Napa Finance Department (annually) to verify that payments are being used to supplement the retiree's health care premiums. It will be the retiree's responsibility to maintain current addresses on record with the City of Napa. If checks are returned from the last designated address without correction from the retiree for more than two months, this shall result in cancellation of the supplemental payment. Appeals for reinstatement and/or back payments shall be made to the Finance Department with a final appeal to the City Manager.

- b) Effective August 1, 2003 that sum will be increased to One Hundred (\$100.00) Dollars per month.
 - c) Effective December 1, 2003, the supplemental payment will be determined by surveying the nine (9) survey agencies identified in Section 3.1 and computing the median of the survey agencies' contributions toward employee's retiree medical coverage for retired employees with 10 or more years of service.
 - d) On March 1, 2005, the City will conduct a survey of the nine (9) identified survey agencies' contribution toward employee's retiree medical coverage for retired employees with 10 or more years of service.
 - e) Effective July 1, 2005, the City's supplemental payment toward employee's retiree medical coverage shall be adjusted to the median of the survey agencies' contributions toward employee's retiree medical coverage.
 - f) On March 1, 2009, the City will conduct a survey of the nine (9) identified survey agencies' median contributions toward employee's retiree medical coverage for retired employees with 10 or more years of service. Effective July 1, 2009, the City's supplemental payment toward employee's retiree medical coverage shall be ~~adjusted to the median of the survey agencies' contributions toward employee's retiree medical coverage~~ **\$274.00 per month**.
 - g) In no event shall the City's supplemental payment be less than One Hundred Dollars (\$100.00) per month under this Section 5.12 (6).
 - h) The dollar amount of the supplemental payment for retiree health insurance shall be fixed and remain at the rate in effect upon the date of retirement.
- (7) The retired employee must enroll in a Medicare supplemental insurance program when they become eligible for Medicare. The Medicare supplemental insurance premium, along with the cost of the retiree's private health plan, will become the new maximum that the City will pay up to in accordance with Item 6. above.

Vacation Cash Out

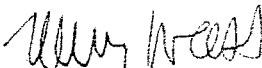
9. Section 8 of the MOU shall be modified as follows:

The maximum annual carry-over of accrued vacation will be two hundred eighty (280) hours with an additional forty (40) hours for special purposes upon the approval of the City Manager. Bargaining unit members with maximum accrued vacation hours and who receive ~~City Manager~~ Department Head approval, may cash out annually up to 80 hours of vacation.

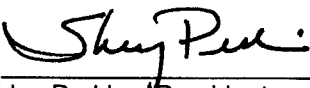
State Disability Insurance (SDI)

10. The City will implement SDI similar to NCEA upon the request of AMP.


Dated: June 4, 2010

By: 
Nancy Weiss, Assistant City Manager
City of Napa

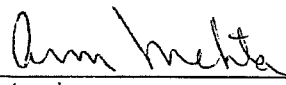
Dated: June 4, 2010

By: 
Shirley Perkins, President
Administrative, Managerial and Professional
Employees

ATTEST:


(Signature)
DOROTHY ROADMAN, City Clerk

COUNTERSIGNED:


(Signature)
ANN MEHTA, City Auditor

APPROVED AS TO FORM:

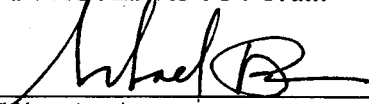

(Signature)
MICHAEL W. BARRETT, City Attorney

EXHIBIT A
ATTACHMENT A

Kaiser Permanente HMO for CITY OF NAPA - Actives

	Current Plan (09/10)	Plan A (10/11)
Premium Costs		
City/Employee Contributions	Single: \$509.30/\$10.00 Two party: \$1,018.59/\$15.00 Family: \$1,354.73/\$20.00	Single: \$496.95 Two party: \$993.91 Family: \$1,321.90
Plan Design Changes		
Annual Deductible: Individual / Family per calendar year(s)	None / None	None / None
Maximum Out-Of-Pocket	\$1,500 per member, \$3,000 per family	\$1,500 per member, \$3,000 per family
Maximum Lifetime Benefit	None / None	None / None
Hospital Inpatient (all services rendered while hospitalized)	No charge	No charge
Outpatient (specialty, routine, eye/hearing exams, and urgent care)	No charge	\$15 per visit
Well-child preventive care visits (23 months or younger)	No charge	\$5 per visit
Scheduled prenatal care and first postpartum visit	No charge	\$5 per visit
Outpatient surgery	No charge	\$15 per procedure
Allergy Injections / Immunizations	No charge	\$3 per visit
X-rays and Lab tests	No charge	No charge
Ambulance services	\$50 per trip	\$50 per trip
Emergency department visits	\$50 per visit	\$50 per visit
Outpatient Prescription Drugs	\$5	\$10 gen / \$20 brand
Days supply	100 days	100 days
Mental Health Services		
Inpatient psychiatric care / days per calendar year	No charge	No charge
Outpatient individual therapy visits	No charge	\$15 per visit
Outpatient group therapy visits	No charge	\$7 per visit
Chemical Dependency Services		
Inpatient detoxification	No charge	No charge
Outpatient individual therapy visits	No charge	\$15 per visit
Outpatient group therapy visits	No charge	\$5 per visit
Transitional Residential Recovery Services	No charge	No charge
Infertility Services		
Covered services related to the diagnosis and treatment of infertility	No charge	\$15 per visit
Additional Benefits		
Supplemental Durable Medical Equipment	20% per item	20% per item
Skilled Nursing, Home and Hospice Care	No charge	No charge
Optical eyewear (frames, lenses, contact lenses)	\$175 per 24 months	\$175 per 24 months
Hearing aids	Not covered	Not covered
Chiropractic	Not covered	Not covered
Dental	Not covered	Not covered

EXHIBIT A
ATTACHMENT A

Health Net HMO Plan Chart for City of Napa - Actives

	Current Plan (09/10)	Plan A (10/11)
Premium Costs		
City/Employee Contributions	Single: \$815.18/\$10.00 Two party: \$1,631.05/\$15.00 Family: \$2,364.20/\$20.00	Single: \$496.95/\$388.94 Two party: \$993.91/\$778.61 Family: \$1,321.90/\$1,247.37
Plan Design Changes		
Annual Deductible: Individual / Family per calendar year(s)	None / None	None / None
Maximum Out-Of-Pocket	\$1,500 per member, \$4,500 per family	\$1,500 per member, \$4,500 per family
Maximum Lifetime Benefit	None / None	None / None
Hospital Inpatient (all services rendered while hospitalized)	No charge	No charge
Outpatient (Office Visit, specialty, routine, eye/hearing exams)	\$5 per visit	\$10 per visit
Well-child preventive care visits	\$5 per visit	\$10 per visit
Scheduled prenatal care and first postpartum visit	\$5 per visit	\$10 per visit
Outpatient surgery	No charge	No charge
Allergy Injections / Immunizations (except foreign travel/occupational)	No charge	No charge
X-rays and Lab tests	No charge	No charge
Ambulance services	No charge	No charge
Emergency department visits	\$35 per visit	\$35 per visit
Outpatient Prescription Drugs		
Retail - 30 days supply	\$5 generic / \$10 brand/ \$35 Non Formulary	\$10 generic / \$15 brand/ \$35 Non Formulary
Mail Order - 90 days supply	\$10 generic / \$20 brand/ \$70 Non Formulary	\$20 generic / \$30 brand/ \$70 Non Formulary
Mental Health Services		
Inpatient psychiatric care / days per calendar year	No charge	No charge
Outpatient visits	\$5 per visit*	\$10 per visit
Chemical Dependency Services		
Inpatient detoxification	No charge	No charge
Outpatient individual therapy visits	No charge	\$10 per visit
Outpatient group therapy visits	No charge	\$5 per visit
Infertility Services		
Covered services related to the diagnosis and treatment of infertility	50%	50%
Additional Benefits		
Durable Medical Equipment	No charge	No charge
Skilled Nursing and Hospice Care - (SNF Limited to 100 days per year)	No charge	No charge
Hearing aids	Not covered	Not covered
Optical eyewear		
Frames	\$100 per 24 months	\$100 per 24 months
Standard Plastic Lenses	\$10 copay per 24 months	\$10 copay per 24 months
Contact Lenses	\$90 per 24 months	\$90 per 24 months

EXHIBIT A
ATTACHMENT A

Health Net PPO Plan Chart for City of Napa - Actives

	Current Plan (09/10)	Plan A (10/11)
Premium Costs		
City/Employee Contributions	Single: \$679.27/\$10.00 Two party: \$1,458.13/\$15.00 Family: \$2,000.86/\$20.00	Single: \$496.95/\$204.68 Two party: \$993.91/\$512.20 Family: \$1,321.90/\$744.80
Plan Design Changes		
Annual Deductible	\$250 for each member (PPO/OON combined)	\$250 for each member (PPO/OON combined)
Maximum Out-Of-Pocket	\$2,000 for each member (PPO)/ \$4,000 for each member (OON)	\$3,000 for each member (PPO)/ \$6,000 for each member (OON)
Maximum Lifetime Benefit	\$5,000,000 for each member (PPO/OON combined)	\$5,000,000 for each member (PPO/OON combined)
	PPO/OON	PPO/OON
Hospital Inpatient (all services rendered while hospitalized)	10%/30%	20%/40%
Outpatient (Office Visit, specialty)	\$20/30%	\$20/40%
Child (through age 16). Includes annual preventive physical examinations, newborn/well-baby care and immunizations.	\$20/Not Covered	\$20/Not Covered
Prenatal and postnatal office visit	Global Fees Required	Global Fees Required
Outpatient surgery	10%/30%	20%/40%
Allergy Injections (serum not included)	10%/30%	20%/40%
X-rays and Lab tests	10%/30%	20%/40%
Ambulance services	\$50+10%/ \$50+30%	20%/40%
Emergency department visits	\$100 deductible + 10%/30% (deductible waived if admitted)	\$100 deductible + 20%/40% (deductible waived if admitted)
Outpatient Prescription Drugs		
Retail - 30 days supply	\$10 generic / \$25 brand/ \$35 Non Formulary	\$10 generic / \$25 brand/ \$35 Non Formulary
Mail Order - 90 days supply	\$20 generic / \$50 brand/ \$70 Non Formulary	\$20 generic / \$50 brand/ \$70 Non Formulary
Mental Health Services		
Inpatient psychiatric care	10%/30%	20%/40%
Outpatient visits	\$20/30%	\$20/40%
Chemical Dependency Services		
Inpatient detoxification	10%/30%	20%/40%
Outpatient visits	\$20/30%	\$20/40%
Infertility Services		
Infertility services including professional services, inpatient and outpatient care, and treatment by injection. Excludes coverage of artificial insemination. Deductible required*	10%/30%	20%/40%
Additional Benefits		
Durable Medical Equipment	10%/30% Combined limit of \$2,000 (PPO/OON)	20%/40% Combined limit of \$2,000 (PPO/OON)
Skilled Nursing Facility	10%/30% Combined limit of 100 days (PPO/OON)	20%/40% Combined limit of 100 days (PPO/OON)
Hospice Care (elected by member). Limited to a lifetime maximum benefit of \$10,000 through PPO and OON combined.	10%/30%	20%/40%
Hearing aids	Not Covered	Not Covered
Chiropractic care. Through OON, the maximum amount payable for each visit is \$25.	\$20/30% Combined limit of \$300 (PPO/OON)	\$20/40% Combined limit of \$300 (PPO/OON)
Vision		
Exam with dilation as necessary	\$10 Copay/Up to \$40 (every 12 months)	\$10 Copay/Up to \$40 (every 12 months)
Frames	\$100 plus 20% off balance over allowance/Up to \$45 (every 24 months)	\$100 plus 20% off balance over allowance/Up to \$45 (every 24 months)
Contact lenses (includes fit, follow-up and materials)	\$90 allowance/Up to \$105 (every 24 months)	\$90 allowance/Up to \$105 (every 24 months)