

SIDE LETTER AGREEMENT NO. 10
TO AGREEMENT NO. 6711C
BETWEEN
THE CITY OF NAPA
AND
NAPA CITY EMPLOYEES' ASSOCIATION

2010 BUDGET SAVINGS SIDE LETTER

1. The City of Napa (City) and the Napa City Employees' Association (NCEA) are parties to an MOU with a term of March 1, 2002 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 March 1, 2002 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 March 1, 2002 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 March 1, 2002 effective date of this Agreement.

This Memorandum Of Understanding is intended to and shall supercede the parties' previous Memorandum of Understanding (City #6711B) dated October 24, 2000.

Medical Coverage & Health-in-Lieu

4. Section 11 of the MOU shall be modified as follows:

11.1 During the term of the agreement, the City will continue to offer medical plans through Kaiser and Health Net. ~~Each employee 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 per month for full family coverage.~~

~~Effective March 1, 2004 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 August 1, 2010, the City will contribute up 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). Bargaining unit members will

contribute on a payroll deduction basis the amount of premium, if any, above the Kaiser rate. A summary of FY 2010/11 plan designs for Kaiser, HealthNet HMO, and HealthNet PPO are attached to this Side Letter as Attachment A.

- 11.9 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). 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 share an interest in assessing employee benefits both from the perspective of fairness and equity for employees and from the perspective of budget sustainability for the City. The parties acknowledge that the changes in health plan design and in benchmarking the City contribution to the Kaiser rate represent a significant shift towards long-term sustainability of City contributions to employee benefits, and further provide an appropriate incentive for employees to take cost into consideration when choosing a health plan. ~~NCEA further acknowledges that these changes are a first step towards the City's goal of long-term sustainability regarding contributions to employee benefits.~~ The City has expressed an interest in setting fixed contribution rates while taking into consideration NCEA's interest that employees not bear all the risk of increased premiums. To that end, ~~NCEA acknowledges that this process will continue in future negotiations, and further agrees to meet with the City in 2011 to discuss the City's and employee's contribution toward increased costs when FY 2011/12 health plan rates become available.~~ This does not constitute a contract re-opener.

Cost-of-Living Adjustments

6. Section 3 of the MOU shall be modified as follows:
- 3.2 March 1, 2010 Market Movement Salary Adjustment: On February 1, 2010, the City shall survey the survey cities in Section 3.1 to determine any known salary adjustments made between February 1, 2009 and January 31, 2010. ~~Any salary adjustments effective for the period from February 1, 2010 through January 31, 2011, which become known after February 1, 2011, shall be used in determining the COLA for 2012 if the market movement methodology is agreed to by both parties for the March 1, 2012 salary adjustment.~~ The City and NCEA shall meet to determine the data to be used and how it shall be applied. The average of these adjustments shall be determined by the following formula: Total of adjustment percentages, divided by nine (9) - the total number of survey jurisdictions - equals average increase (COLA).

There shall be no cost-of-living adjustments for the remainder of the MOU.

Early Retirement/Retiree Medical

7. Section 17.1 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.

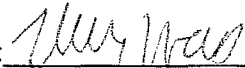
8. Section 13 of the MOU shall be modified as follows:

13.11 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:

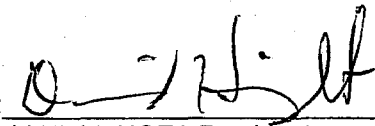
1. The employee must have worked for the City a minimum of fifteen (15) years and taken a service retirement from the City and actually draw a PERS pension within ninety (90) days of separation from the City. For employees who choose to retire between June 1, 2010 and December 31, 2010, the employee must have worked for the City a minimum of thirteen (13) years and take a service retirement from the City and actually draw a PERS pension within ninety (90) days of separation from the City.
2. 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.
3. 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 an 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.
4. 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, 1983 may choose to have the current plan described in Section 17, paragraph 17.1 (sick leave conversion to retiree medical coverage) or the employee may choose the plan described below. 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.

5. An employee retiring after August 1, 2000 and who meets the conditions described above will receive a supplemental payment by the City toward the employee's retiree medical coverage of Twenty-five Dollars (\$25.00) per month. Effective August 1, 2001 that sum will be increased to Fifty Dollars (\$50.00) per month. Effective August 1, 2002 that sum will be increased to Seventy-five (\$75.00) Dollars per month. Effective August 1, 2003 that sum will be increased to One Hundred (\$100.00) Dollars per month. On or around November 1, 2003 with an effective date of December 1, 2003 the City will survey the jurisdictions in Section 3.1 and the City's supplemental payment will be set at the market median for the surveyed jurisdiction payment for retirees medical. This same survey will be conducted in November 2004, 2006 and 2008 and the City's supplemental payment will be set at the market median on December 1, 2004, December 1, 2006 and December 1, 2008. In the event the market median is more than the one party Kaiser rate the parties will meet and confer.
6. 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 5. above.


Dated: June 21, 2010

By: 
Nancy Weiss, Assistant City Manager
City of Napa


Dated: June 4, 2010

By: 
David Hight, NCEA President
Napa City Employees' Association

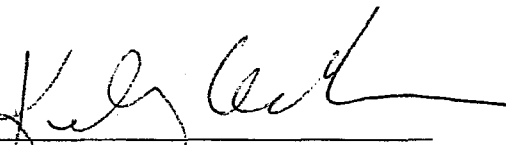
Dated: June 8, 2010

By: 
Linda Cantillon, NCEA Vice President
Napa City Employees' Association


Dated: June 14, 2010

By: 
Dan Plunkett, NCEA Board Member
Napa City Employees' Association

Dated: June 9, 2010

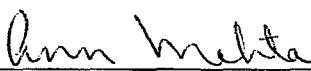
By: 
Kelly Osmundson
SEIU 1021 Representative

ATTEST:



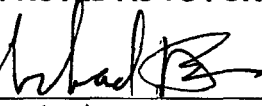
(Signature)
DOROTHY ROADMAN, City Clerk

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

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

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)