

**MEMORANDUM OF UNDERSTANDING (UMBRELLA AGREEMENT)
SETTING THE TERMS AND CONDITIONS OF MEDICAL INSURANCE COVERAGE
BETWEEN CITY OF SANTA MONICA AND
THE COALITION OF SANTA MONICA CITY EMPLOYEES ON BEHALF OF
MANAGEMENT TEAM ASSOCIATES, SUPERVISORY TEAM ASSOCIATES,
ADMINISTRATIVE TEAM ASSOCIATES, MUNICIPAL EMPLOYEES ASSOCIATION,
INTERNATIONAL BROTHERHOOD OF TEAMSTERS LOCAL 911,
PUBLIC ATTORNEY’S UNION, PUBLIC ATTORNEY’S LEGAL SUPPORT STAFF,
UNION, UNITED TRANSPORTATION UNION (LOCAL 1785)-INTERNATIONAL
ASSOCIATION OF SHEET METAL, AIR, RAIL AND TRANSPORTATION WORKERS
(SMART), EXECUTIVE PAY PLAN PARTICIPANTS, AND CERTAIN
UNREPRESENTED CLASSIFICATIONS**

1. This Memorandum of Understanding (“Agreement”) between the City of Santa Monica and the Coalition of Santa Monica City Employees sets forth the terms and conditions pertaining to the medical insurance program offered by the City of Santa Monica to permanent non-sworn “miscellaneous” City employees, and all members of the Executive Pay Plan (EPP).
2. Employees covered hereunder shall be all permanent non-sworn City employees represented by and/or receiving the benefits of the following City bargaining units or their respective successors: Administrative Team Associates (ATA), International Brotherhood of Teamsters Local 911 (IBT), Management Team Associates (MTA), Municipal Employees Association (MEA), Public Attorneys Union (PAU), Public Attorneys’ Legal Support Staff Union (PALSSU), Supervisory Team Associates (STA), and United Transportation Union, Local 1785 (UTU)-International Association of Sheet Metal, Air, Rail and Transportation Workers (SMART). This Agreement shall also cover members of the Executive Pay Plan (EPP). This Agreement does not apply to sworn safety employees represented by the Fire Executive Management Association (FEMA), Santa Monica Firefighters, Local 1109, IAFF (Local 1109) or the Santa Monica Police Officers Association (SMPOA).
3. This Agreement shall be effective January 1, 2019 and shall remain in full force and effect until December 31, 2021. Negotiations to extend this Agreement or enter into a new agreement prior to the expiration of this agreement will commence upon a date mutually agreed upon by the City, the non-sworn bargaining units, and Executive Pay Plan members, with said negotiations to commence no later than July 1, 2021, with a signed contract desired by November 1, 2021.
4. Each employee covered by this Agreement desiring to be covered hereunder may contribute, on a pre-tax basis, monies into an Internal Revenue Code Section 125 plan established for the purpose of enabling employees to pay for IRS qualified health care costs which are the responsibility of the employee. This plan is known as a Flexible Benefit Plan. Those monies can be used by the

employee to pay on a pre-tax basis medical insurance premium contributions that the employee is required to make under the terms of this Agreement.

5. Effective January 1, 2019, the City shall contribute toward medical premiums an amount equal to the actual cost of the medical insurance premium for the medical plan that an eligible employee is enrolled in, less any required employee contributions set forth below. Each active employee covered hereunder can use this City contribution to cover a portion of the cost of medical insurance for the employee and his/her eligible dependents under one of the City-provided medical insurance plans. The effective date of medical benefits for employees newly hired by the City will be the first day of the month following thirty calendar days of City employment. For example, an employee hired on October 20 will be eligible for medical benefits beginning December 1. Active employees covered hereunder and who are eligible to participate in the City-provided medical information programs, but fail to select a City offered medical insurance plan within thirty (30) days of beginning City employment shall be automatically enrolled in the Blue Shield Trio HMO Plan, employee only option. This provision does not apply to those employees who have alternative medical insurance coverage and have elected to waive City offered medical insurance.
6. Pursuant to the terms of the City's Internal Revenue Code Section 125 plan, any eligible employee electing not to receive medical coverage pursuant to the options available under the City-provided medical insurance program shall be entitled to a lump sum monthly cash payment in the amount of \$150.00, which shall be reported as taxable income.
7. Effective January 1, 2019, active employees covered hereunder who are eligible to participate in the City-provided medical insurance program will contribute the following monthly percentage of the cost towards the premium of their selected medical insurance plan through a payroll deduction as a contribution from the Internal Revenue Code Section 125 plan according to the following schedule:

| | |
|---------------------------|---------------------------|
| Effective January 1, 2019 | 7% of the monthly premium |
| Effective January 1, 2021 | 8% of the monthly premium |

The Coalition may continue to utilize funds which remain in the Reserve Fund established in the 2005 MOU between the City of Santa Monica and the Coalition to subsidize the employee's portion of medical premiums. The City and the Coalition both reserve their respective rights with regard to any balance remaining in the Reserve Fund.

8. Should the cost of annual premiums for the plans listed above increase, employees agree to pay contributions towards the cost of their medical insurance according to the schedule set forth in Section 7 above, not to exceed a 15% annual increase, for their selected plan. For example, an employee selects the HMO family plan that has a premium of \$1,000 per month. The employee contributes \$70 per month (based on a 7% employee contribution without the

Coalition's subsidy) towards the premium ($\$1,000 \times 7\% = \70). A 20% annual increase to the premium for that plan would cause the premium to be \$1,200 per month ($\$1,000 + [\$1,000 \times 20\%] = \$1,200$); however, the employee's increased contribution will be capped at \$10.50 ($\$1,000 \times 15\% \times 7\%$) per month, resulting in a contribution of \$80.50 per month, rather than \$14 ($\$1,000 \times 20\% \times 7\%$) per month for that calendar year. In this example, in a subsequent calendar year, the \$80.50 per month contribution will increase a maximum of 15% even if premium rates increase more than 15% in a subsequent calendar year.

Any calendar year rate increases will be based on the prior year premiums less any premium increases over 15%. The City and the Coalition further agree to discuss the concept of a salary-based medical premium cap to ensure that healthcare premiums do not become an undue burden on any employee, understanding that neither side is required to take any action if an agreement is not reached.

9. Permanent part-time City employees hired after July 1, 2010 and before January 1, 2015, who work at least 20 budgeted hours a week and less than 30 budgeted hours a week, will have the option of electing from one of the City-provided HMO medical insurance plans. Permanent part-time City employees may, at their option, pay the difference between the premium of the less costly HMO medical insurance plan and the Preferred Provider Organization (PPO) plus any employee contribution for the selected plan.

Permanent part-time City employees hired after January 1, 2015, who work at least 20 budgeted hours a week and less than 30 budgeted hours a week, will have the option of electing from one of the City-provided HMO medical insurance plans for the employee coverage only. Permanent part-time City employees may, at their option, pay the difference between the premium of the less costly HMO medical insurance plan for the employee only and the Preferred Provider Organization (PPO) plus any employee contribution for the selected plan. Permanent part-time employees may also, at their option, pay the difference between the employee only coverage for the less costly HMO medical insurance plan and the cost of the premium to add coverage for eligible dependents for either the HMO plan or a PPO plan.

10. With respect to a non-sworn permanent City employee who retired between July 1, 2001 and December 31, 2003 and was participating in the CalPERS Healthcare Program as of December 31, 2003, the City shall contribute toward the payment of medical insurance premiums on behalf of each eligible retiree the amount that had been required by CalPERS as of December 31, 2003.
11. A retired non-sworn permanent City employee shall have the option of purchasing continued medical insurance coverage under the current medical insurance plans described above with the eligible retiree paying the full actual cost of the chosen medical insurance plan unless otherwise provided for in an individual bargaining unit's Memorandum of Understanding or agreement.

Retired non-sworn permanent City employees who purchase continued medical insurance coverage must select the retiree medical plan at the time of separation with the City, to coincide with the CalPERS retirement date.

12. The City currently contributes \$163.12 per month on behalf of each eligible active non-sworn employee covered by this Agreement including sworn members of the Executive Pay Plan (EPP) into a retiree medical trust established and administered by the non-sworn employees covered hereunder in accordance with federal and state laws. The trust will be used to reimburse all or part of the health insurance premiums for eligible retirees and dependents. The employees covered hereunder shall be responsible for all costs associated with administering the trust. The City shall not be responsible for any tax liability associated with contributions to and/or payments made from the trust. The monthly contribution for an active employee will only be made for each month that the employee is eligible to receive medical insurance coverage under the City-provided medical insurance program. Under the terms of this Agreement, City contributions to the retiree medical trust shall cease as of December 31, 2021. At the beginning of each calendar year of this Agreement the City's contribution will increase by 2%. Effective January 1, 2019, the amount of the contribution will increase to \$166.38 per eligible employee. Effective January 1, 2020, the amount of the contribution will increase to \$169.71 per eligible employee. Effective January 1, 2021, the amount of the contribution will increase to \$173.10 per eligible employee. Pursuant to the above payment schedule, the City shall pay all unpaid amounts to the Medical Trust by July 1, 2020.
13. With regard to the tax liability provisions of paragraphs 4, 6, and 7 of this Agreement, the City warrants that the cafeteria plan is a bona fide IRS Section 125 cafeteria plan. The regular and intended effect of the implementation of the plan, under current law, is to enable employees to choose between the receipt of benefits which are not subject to either State or Federal income tax and benefits which are subject to tax without the choice resulting in a taxable event. Thus, the tax liability provision shall be interpreted to mean that, in the event of a change in IRS regulations or tax law that makes cafeteria benefits taxable, the employee (not the City) is responsible for the taxes. In the absence of such a change, the provision pertaining to tax liability shall have no effect.
14. One of the medical insurance plans offered by the City will be the Kaiser plan that has been established by the Public Employees Benefit Trust (hereinafter referred to as the PEBT Kaiser plan). This Agreement shall serve as the Resolution required of the City's non-sworn bargaining units, and all members of the Executive Pay Plan under the terms and conditions pertaining to participation in the PEBT Kaiser plan. In the event the City should determine that participation in the PEBT Kaiser plan is not in the best interest of the City and/or its employees, the bargaining units that have entered into this Agreement will, upon notification by the City, file the Resolution that is required under the terms and conditions of the PEBT Kaiser plan to end participation in the plan. In order to avoid disruptions in medical insurance coverage for participants in the PEBT

Kaiser plan, the effective date of the termination of said change shall be at the beginning of the medical plan (i.e., calendar) year designated by the City.

- 15. If, during the term of this Agreement, the City seeks to make a change to the medical insurance provider to the extent that the change in provider results in a material change in benefit or service levels provided to employees, then the City shall meet-and-confer with the Coalition at least 60 days prior to deciding on any such change. To facilitate a cooperative working relationship between the City and the Coalition, should any proposed change not warrant meet-and-confer the City agrees to discuss said changes with the Coalition before making any such change. The City and the Coalition further agree that the City will provide the Coalition with information and an opportunity to provide suggestions regarding the City's next medical provider selection process and contract (similar to a Joint Labor Management Meeting), understanding that any discussion will not be a part of formal negotiations.
- 16. The Coalition and the City agree to re-open negotiations in the event of changes related to health benefits law, including the Federal Affordable Care Act.
- 17. Effective January 1, 2021, only domestic partners who satisfy the California legal definition shall be eligible for coverage as a dependent. Existing registrants will be grandfathered in so long as they can still prove the requirements of the affidavits as of 2018.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be executed June _____, 2020.

COALITION OF SANTA MONICA CITY EMPLOYEES

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 Benjamin Steers, President

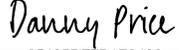
NON-SWORN CITY EMPLOYEE BARGAINING UNITS:

MANAGEMENT TEAM ASSOCIATES

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 Gary Carter, President

SUPERVISORY TEAM ASSOCIATES

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 Danny Price, President

ADMINISTRATIVE TEAM ASSOCIATES

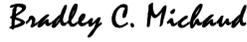
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Benjamin Steers, President
MUNICIPAL EMPLOYEES ASSOCIATION

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Sheri Batalla, President

PUBLIC ATTORNEYS' LEGAL SUPPORT STAFF UNION

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Bradley Michaud, PALSSU Representative

TEAMSTERS

Carlos Rubio, Business Representative

**CITY OF SANTA MONICA
a municipal corporation**

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Lane Dilg
Interim City Manager

ATTEST:

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Denise Anderson-Warren
City Clerk

PUBLIC ATTORNEYS UNION

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Gary Rhoades, PAU Representative
EXECUTIVE PAY PLAN

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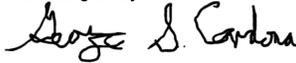

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Patty Wong, EPP Representative

**UNITED TRANSPORTATION UNION
(SMART-TD) LOCAL 1785**

DocuSigned by:


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Erskins Robinson, General Chairman

APPROVED AS TO FORM:

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George S. Cardona
Interim City Attorney