

**SIDE LETTER AGREEMENT  
BETWEEN  
THE CITY OF SOUTH LAKE TAHOE AND  
THE SOUTH LAKE TAHOE FIREFIGHTERS' ASSOCIATION**

**(September 25, 2018)**

Pursuant to the provisions of the Meyers-Milias-Brown Act ("MMBA"), this Side Letter of Agreement (the "Side Letter Agreement"), related to health and welfare benefits, is entered into on September 25, 2018, between the City of South Lake Tahoe (the "City") and the South Lake Tahoe Firefighters' Association (the "Association") as an amendment to the Memorandum of Understanding effective October 1, 2017 through December 31, 2018 ("MOU").

It is understood and agreed that the specific provisions contained in this Side Letter Agreement shall supersede any previous agreements, whether oral and written, regarding the matters contained herein. Except as provided herein, all wages, hours and other terms and conditions of employment presently enjoyed by the Association in the MOU shall remain in full force and effect.

The City and the Association have met and conferred in good faith in accordance with the MMBA, concerning the terms and conditions of this Side Letter Agreement and its implementation and agree to replace Section 2 of the MOU (Health and Welfare), in its entirety, with the following provisions:

**SECTION 2. HEALTH AND WELFARE**

- 2.1 Coverage. Employees covered by this MOU shall be eligible to receive the benefits outlined below. The summary plan descriptions and/or formal plan documents for the City Medical Plan and other available benefit options are available from the City's Human Resources Department and are hereby incorporated by reference into this agreement. Where there exists a discrepancy between the MOU and the City Medical Plan and other available benefit plans, the City Medical Plan and other available benefit plans will be the governing documents.
- 2.2 Eligibility for Medical Benefits. For employees who are in a paid status and work 30 hours per week or more, the City shall pay the monthly premium costs for the medical insurance as outlined below. For regular-status employees who are in a paid status and work 20 hours or more but less than 30 hours per week, the City shall pay the premium cost for employee only as outlined below; such employees may purchase dependent coverage by payment of the difference between the employee only and family premiums through payroll deduction in addition to any individual cost sharing. Health benefits are not available to regular employees working less than 20 hours per week.

Employees' budgeted position shall be used to determine their eligibility for the medical benefits. Should employees' full-time or part-time status change, their eligibility for the medical benefits shall also change.

2.3 Medical Benefits.

<b>City's Contribution – 2019 Plan Year (Monthly)</b>		
Employee Only	Employee Plus One	Family
\$648.83	\$1,297.64	\$1836.18

<b>2019 Rates (Monthly)</b>			
Medical Plan	Employee Only	Employee Plus One	Family
Blue Shield HSA	\$459.43	\$918.87	\$1300.21
Blue Shield PPO 750	\$648.83	\$1,297.64	\$1,836.18
Blue Shield PPO 500	\$691.75	\$1,383.48	\$1,957.64
Blue Shield PPO 250	\$720.42	\$1,440.84	\$2,038.79

In the event the City's contribution is insufficient to cover the premium for the Plan selected by the employees, the difference shall be paid by the employees via payroll deduction.

<b>Optional Elections Available – Employee cost 2019 plan year</b>			
Medical Plan	Employee Only	Employee Plus One	Family
Blue Shield PPO 750	\$0	\$0	\$0
Blue Shield PPO 500	\$19.81 per pay period (\$42.92/mo)	\$39.62 per pay period (\$85.84/mo)	\$56.06 per pay period (\$121.46/mo)
Blue Shield PPO 250	\$33.04 per pay period (\$71.59/mo)	\$66.09 per pay period (\$143.20/mo)	\$93.51 per pay period (\$202.61/mo)
Blue Shield HSA	\$0 (City HSA Contribution)	\$0 (City HSA Contribution)	\$0 (City HSA Contribution)

If the employee selects the HSA plan, the City’s contribution in the following amounts shall be deposited into the employee’s HSA account:

Employee Only: \$1,950 per year  
Employee +1 or Family: \$3,700 per year

2.4 Medical Coverage Opt-Out Benefit Arrangement. Employees who elect to waive and opt out of medical coverage offered by the City—because they have provided the City with reasonable written proof of minimum essential coverage (“MEC”) though another source (other than coverage in the individual market, whether or not obtained through Covered America, such as written proof of coverage by a spouse’s employer)—are eligible to receive a medical coverage opt-out benefit. The health medical coverage opt-out benefit shall be paid on a per pay period basis in the form of City’s contributions to these employees’ Health Reimbursement Accounts (“HRAs”). The total annual medical coverage opt-out benefit is:

Employee Only: \$ 115.38 per pay period (\$3,000 per year)  
Employee +1 or Family: \$ 153.85 per pay period (\$4,000 per year)

The medical coverage opt-out benefit shall not be considered pensionable compensation. Eligible employees who have elected to receive the medical coverage opt-out benefit and who later have an eligible qualifying event, as defined by the City’s Medical Plan, and choose to enroll in one of the medical benefit options described above, shall be no longer eligible for the City’s contribution to the employees’ HRA accounts.

An employee whose spouse or registered domestic partner is also a City employee and who is eligible for dual coverage may elect to opt out and receive the payments outlined above, while their spouse enrolls in City-sponsored medical coverage.

2.5 Dental Plan. The City provides dental insurance for the employees and any eligible dependents. The City Dental Plans are as follows:

**Plan A:**

\$100/\$300 Deductible—\$1,000 Annual Maximum (100% paid by the City)  
Employee Only: \$38.50 per pay period  
Employee +1: \$73.83 per pay period  
Employee + Family: \$129.52 per pay period

**Plan B (Buy-Up Option):**

\$100/\$300 Deductible— \$1,500 Annual Maximum  
(100 % of \$1,000 Maximum paid by the City, with the additional amount paid by Employees)  
Employee Only: \$44.08 per pay period  
Employee +1: \$84.18 per pay period

2.6 Vision Plan. The City provides vision insurance for the employees and any eligible dependents at no cost to the employees.

2.7 Life Insurance. For the term of this agreement, the City will purchase a life insurance benefit for each employee providing \$50,000 coverage.

Employees have the option to purchase at their expense by payroll deduction up to an additional \$50,000 of life insurance upon initial enrollment to the plan (date of hire) without evidence of insurability.

2.8 Spousal Employment Health Benefits. Employees' spouses must elect employer sponsored group medical coverage from their own employers when offered at an employee contribution cost for single coverage of no more than \$150.00 per month and providing coverage equal to, or better than, the coverage plan option selected by the City employee. Employees' spouses who obtain their own-employer's health benefit may remain on the City's medical benefit in a secondary capacity. Employees will be required to confirm in writing their spouse's eligibility for employer medical coverage at least annually.

2.9 Legislative Changes. In the event legislation changes such that employer financed universal health is required through the State or Federal government, there will be an immediate re-opener to discuss the impact of the legislation on the current City Medical Plan.

2.10 Application of Medical Insurance Plan. In the event provisions of this section contradict those included in the City Medical Plan, the terms of the City Medical Plan shall prevail.

2.11 Flexible Savings Account. The City provides employees with the option to elect to participate in a Flexible Savings Account ("FSA"), administered in accordance with the Internal Revenue Code. Employees may use these programs to set aside money on a pre-tax basis pay for eligible health care related costs.

**For the South Lake Tahoe Firefighters' Association:**

Date: 9/25/18  
By: [Signature]  
Scott Blasser, Association President

**For the City**

Date: 10/2/2018  
By: [Signature]  
Wendy David, Mayor  
Date: 10/3/18  
By: [Signature]  
Dirk Brazil, Interim City Manager  
Date: 10-3-18  
By: [Signature]  
City Attorney

\*This agreement does not preclude future negotiations on the matters addressed herein, in light of upcoming negotiations for a new MOU.