SIDE LETTER AGREEMENT
BETWEEN THE
ROSEVILLE POLICE OFFICERS' ASSOCIATION
AND
THE CITY OF ROSEVILLE
RELATED TO THE MODIFICATION OF THE FLEX CREDIT AND RETIREE HEALTH SAVINGS ACCOUNT PLAN

The City of Roseville (hereinafter referred to as "City") and the Roseville Police Officers' Association (hereinafter referred to as "RPOA") entered into a Memorandum of Understanding ("MOU") with a term beginning on February 12, 2022, and terminating on December 31, 2025. The City and RPOA are collectively referred to herein as the "Parties."

Background and Overview

The Parties hereby agree to the terms of this Side Letter Agreement ("SLA"), entered into in December 2023, concerning modification of the Flex Credit, specifically, concerning the City's provision of a cafeteria plan flex credit amount ("Flex Credit") for employees who elect a medical plan through the City. Due to significant unexpected increases to the CalPERS medical plan premiums effective for the 2024 calendar year, the City and RPOA agree to increase the Flex Credit amount for those electing Employee Plus Family ("Family") or Employee Plus One Dependent ("EE+1") tiers of medical coverage as described below.

In addition, this SLA furthers the intent approved in the underlying MOU for the Flex Credit increase to be effective with the new rate changes for 2024.

Further, this SLA addresses the Parties' agreement to update the City Sponsored Retiree Health Savings Account (RHSA) to remove the vesting requirements for receiving the City contributions and that the City benefit may be included as part of the total compensation study. This RHSA vesting requirement is not found in any of the City comparable market agencies.

The specific provisions contained in this SLA are intended to supersede any previous agreements, whether oral or written, regarding the matters contained in this SLA.

The Parties have satisfied their obligations to meet and confer in good faith in accordance with the Meyers-Milias-Brown Act ("MMBA").

Except as provided here, all wages, hours, and other terms and conditions of employment presently in the City's MOU and SLAs with the RPOA remain in full force and effect.

The Parties mutually agree to the following:

A.   For convenience, in pertinent part, the Parties' MOU currently provides the following:

Chapter 4, Article II, Health and Welfare, Section C.:

C. Cafeteria Plan

1. The City shall provide a Cafeteria Plan, pursuant to Section 125 of the Internal Revenue Code or any related regulations, for the purpose of providing employees with access to various health and welfare benefits. Benefits available through the Cafeteria Plan include medical insurance, dental insurance, vision insurance and Long Term Disability (LTD) insurance.

2. Effective December 1, 2018, the City provides a Cafeteria Plan Allowance to all employees eligible to participate in City sponsored health and welfare benefits under Section A of this Article of up to $1,347 monthly (less the direct PEMHCA payment provided in paragraph B) for the term of the Agreement to offset medical, dental, vision and LTD premiums for represented employees.

3. Effective January 1, 2022 or the first of the full month following Council approval, whichever is later, the City provides a flex plan credit based on medical plan tier election (EE only, EE+1, Family) to be used by active employees for any benefit covered under the Cafeteria Plan, as follows:

Active Employee Medical Election Tier	Employee Only (EE Only)	Employee Plus One Dependent (EE+1)	Employee Plus Family (Family)
Flex Plan Credit	$200/month	$273/month	$598/month

4. Effective January 1, 2023, the City agrees to provide a flex plan credit based on medical plan tier election (EE only, EE+1 or Family) to be used by active employees for any benefit covered under the Cafeteria Plan, as follows:

Active Employee Medical Election Tier	Employee Only (EE Only)	Employee Plus One Dependent (EE+1)	Employee Plus Family (Family)
Flex Plan Credit	$200/month	$318/month	$673/month

5. Effective January 1, 2024, the City agrees to provide a flex plan credit based on medical plan tier election (EE only, EE+1 or Family) to be used by active employees for any benefit covered under the Cafeteria Plan, as follows:

Active Employee Election Tier	Employee Only (EE Only)	Employee Plus One Dependent (EE+1)	Employee Plus Family (Family)
Flex Plan Credit	$200/month	$363/month	$748/month

6. Effective January 1, 2025, the City agrees to provide a flex plan credit based on medical plan tier election (EE only, EE+1 or Family) to be used by active employees for any benefit covered under the Cafeteria Plan, as follows:

Active Employee Medical Election Tier	Employee Only (EE Only)	Employee Plus One Dependent (EE+1)	Employee Family (Family)
Flex Plan Credit	$200/month	$408/month	$823/month

7. Employees who elect not to participate in any of the medical, dental, vision or LTD insurance benefits sponsored by the City and who provide proof of other medical coverage will not receive any Cafeteria Plan Allowance under Section C(2) of this Article. Instead, employees who opt out of these City-sponsored benefits shall receive $150 per month reported as taxable income.

8. For employees whose current spouse or domestic partner was hired prior to January 1, 2019, they will have the following benefit, provided they are eligible pursuant to personnel rule or memorandum of understanding. Employee one may choose medical coverage. Employee two may apply the difference under this provision for out-of-pocket expenses from Employee one toward the cost of the medical coverage and shall not be eligible for the opt out provision in Section 4, above. The example below provides the model for the calculation of this provision on January 1, 2014:

Kaiser Plan (Family) Example:	$1,772
City Contribution	- $1,368
Out-of-pocket Cost to Employee	$ 404

In this example, the spouse or domestic partner opting out of the cafeteria plan would receive $404 per month. The amount of the out-of-pocket cost to employees may fluctuate due to medical premium and City contribution increases.

9. Any Cafeteria Plan Allowance provided for under Section C(2) of this Article can only be used by an employee to offset the cost of participation in City sponsored medical, dental, vision, and LTD insurance benefits for the employee and any eligible dependents.

B. Effective for the applicable annual medical premium increases, for active employees electing Family medical coverage, the City agrees to provide an additional amount towards flex credit of up to $170 per month, which is in addition to the amount specified in Section C.(5) and C.(6), and for active employees electing Employee Plus One Dependent coverage up to $150 per month additional flex credit to be used for the payment of medical insurance in addition to the amount specified in Section C.(5) and C.(6).

C. The additional flex credit contribution for family medical coverage, as described above in Section B, will be added to the flex credit in Chapter 4, Article II, section C.(5) and C.(6), for the respective year and will be considered as part of the City cafeteria plan contribution amount included in total compensation.

D. Effective January 1, 2024, the Parties agree to update the City sponsored RHSA plan document to remove the vesting requirements, in accordance with the side letter agreement with RPOA, dated November 30, 2022, and as reflected in the agreed-upon language appearing below. Subsequent to the RHSA plan document update, the City RHSA contribution will be included in the City total compensation study.

E. The parties further agree to the following changes to Chapter 4, Article VII. (D) in their current MOU, to be consistent with the updated RHSA plan document:

D. For employees hired on or after March 1, 2014 (Tier 3):

1. Employees hired on or after March 1, 2014 shall have no vested right in any postemployment medical benefits provided by the City of Roseville. Instead, upon hire, those employees shall contribute one percent (1%) of their base salary each pay period to a City sponsored Retirement Health Savings (RHS) account and shall contribute an additional one percent (1%) per pay period per year annually, up to a maximum of five percent (5%) per pay period annually thereafter, to be used to fund the employee's medical costs upon retirement from the City.

2. After five (5) years of continuous service with the City of Roseville, and beginning on the first pay period of the sixth year of service, the City shall contribute a flat dollar amount of $100 per month to be deposited to the employee's RHS account up until the employee's retirement date or separation from the City. After retirement or separation from ~~accruing ten (10) cumulative years of~~ service with the City ~~and pursuant to the vesting schedule in Section C of this Article~~, employees may draw from the City contribution in this account ~~upon retirement.~~

3. ~~Employees who terminate City service for reasons other than retirement prior to twenty (20) years of cumulative service with the City will forfeit any City contributions.~~

4. ~~Employees must retire from the City of Roseville and be enrolled in the City of Roseville's health plan in order to utilize City contributions to the employee's RHS accounts. After ten (10) years of cumulative service with the City of Roseville, City contributions to the employee's RHS account may be used~~ for all covered medical expenses pursuant to Section 213 of the IRS Code including participation in non-**City sponsored plans.**

THESE ARE TENTATIVE TERMS SUBJECT TO APPROVAL OF THE CITY COUNCIL.

Date: 12/13/23

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ROSEVILLE POLICE OFFICERS' ASSOCIATION, RPOA

Date: 12/20/2023

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CITY OF ROSEVILLE