

**SIDE LETTER AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND
SAN DIEGO CITY FIREFIGHTERS, I.A.F.F., LOCAL 145 TO AMEND ARTICLE 22 OF THE
MEMORANDUM OF UNDERSTANDING RELATED TO THE FLEXIBLE BENEFITS PLAN FOR
CALENDAR YEAR 2024**

Pursuant to the provisions of the Meyers-Milias-Brown Act (MMBA) and Council Policy 300-06, this Agreement (Agreement) is entered into between the City of San Diego (City) and San Diego City Firefighters, I.A.F.F., Local 145 (Local 145) to amend Article 22 of the Memorandum of Understanding (MOU) between the City and Local 145 that was approved by San Diego Resolution R-314187 (June 23, 2022). The City and Local 145 are collectively referred to as the "Parties."

Article 22, section J of the MOU provides that the Parties agree to reopen negotiations over flexible benefit credits if the healthcare plan that most Local 145-represented employees are enrolled in during calendar year 2023 is projected to increase by more than 5% in calendar year 2024. Based on the increases in healthcare costs that exceed 5% effective January 1, 2024 in the healthcare plan most Local-145 represented employees are enrolled in calendar year 2023, the Parties met and conferred in good faith and reached a tentative agreement to increase the impacted Flexible Benefit Tiers by 3.3% effective December 1, 2023.

Therefore, the Parties agree to the following:

1. The Parties have satisfied all obligations under the MMBA, Council Policy 300-06, and other applicable law and regulations to meet and confer in good faith on the subject of this Agreement.
2. The Parties agree to amend Article 22, sections B(3), C(3), and J, as follows:
 - B. FBP Options for Eligible Employees Hired Before July 1, 2020
 1. For eligible employees hired before July 1, 2020, total Flex Credits of \$1,750 (Waiver) and \$9,830 (Employee Only) are available with the customary cash-back option. These options allow the maximum cash-back opportunity for employees who waive medical insurance or cover only themselves. However, beginning July 1, 2020, there is also an option for employees who wish to cover a Spouse or Domestic Partner, Children or Family, where more Flex Credits will be available to them for these tiers of coverage but they will have no cash-back option and no amounts can be deposited into their 401(k) account. Eligible employees hired before July 1, 2020, may change the option they select (Option No. 1 – Cash-Back; Option No. 2 – No Cash-Back) from one year to the next at the time of open enrollment.
 2. Option No. 1 to Choose \$1,750 (Waiver) and \$9,830 (Employee Only) in FBP Credits and Take Cash-Back

During open enrollment employees hired before July 1, 2020 who wish to maximize the cash available to them from their total \$1,750 (Waiver) and \$9,830 (Employee Only) in FBP Credits, must select either the Waiver or an Employee-Only Medical Coverage Option from the FBP component plan offerings.

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An employee may select the “Waiver” option to opt out of any medical insurance offering under the FBP without providing the City with proof of other medical insurance coverage. After selecting the Health Waiver or Employee Only Health Coverage, the employee may allocate their remaining Flex Credits: to pay for other FBP insurance offerings; to be deposited to their 401(k) account; to fund an FSA account for dental/medical/vision reimbursements or child/dependent care; or to be returned to them over 24 pay periods as taxable cash.

3. Option No. 2 to Choose Increased Medical Coverage for Employee-Plus Tiers and Use Remaining FBP Credits for Other Benefits But Take No Cash Back

During open enrollment employees hired before July 1, 2020, who choose a medical insurance option and cover one or more dependents, will have the option to get more Flex Credits to cover themselves plus a spouse, domestic partner, children or family as follows:

Flexible Benefits Tier	Effective Dates	
	7/1/20	12/1/23
Employee and Children	\$15,000	\$15,495
Employee and Spouse/Domestic Partner	\$18,250	\$18,250
Employee and Spouse/Domestic Partner and Children	\$20,750	\$21,435

Once an employee has selected one of the above-described tiers for medical coverage, any remaining FBP credits may be used to pay for other FBP insurance offerings or to fund an FSA account for dental/medical/vision reimbursements or child/dependent care. However, no FBP Credits remaining after selecting required or optional coverages or funding FSA accounts may be deposited to their 401(k) account or be taken as cash-back.

C. FBP Options for Eligible Employees Hired On or After July 1, 2020

1. For eligible employees hired on or after July 1, 2020, there will be two options available under City’s FBP: (1) a \$1,000 cash-back option for an employee who provides proof of qualifying medical coverage outside the FBP and selects the waiver; or, (2) a no-cash-back option which provides FBP Credits in varying amounts for Employee Only and for Employee-Plus tiers.
2. Option No. 1 to Choose \$1,000 in Cash In Exchange for Waiver of Medical Insurance With Proof of Alternative Qualifying Medical Coverage

This option is an eligible opt-out arrangement under City’s FBP. It is the *only* means for an eligible employee to have \$1,000 in taxable cash paid out to them in increments over 24 pay periods of the year so long as they remain employed and eligible. However, an employee who chooses this option is also forfeiting the opportunity to have thousands of additional Flex Credits available for other qualifying benefit opportunities under the FBP.

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During open enrollment, this eligible opt-out arrangement allows an eligible employee to decline medical benefits coverage under the FBP for the upcoming Plan Year and instead receive a \$1,000 cash payment. An eligible employee can waive coverage without restriction, but to receive the \$1,000 cash payment, the eligible employee must provide during open enrollment reasonable evidence of enrollment in "minimum essential coverage" under another employer-sponsored group medical plan (a spouse's plan, for example), or under a qualifying government program, which covers the employee and their tax dependents for the upcoming Plan Year. Individual coverage, including insurance purchased through the Affordable Care Act (ACA) Exchange, will not qualify as minimum essential coverage under the eligible opt-out arrangement. If an eligible employee selects the Waiver and certifies that they have and will maintain qualifying coverage for themselves and their tax dependents during the Plan Year, the City will pay the \$1,000 "waiver" cash over 24 pay periods if the employee remains employed and eligible. However, the employee's failure to have or maintain this minimum essential coverage outside the FBP will disqualify the employee from eligibility in City's opt-out arrangement and no cash payments will be made or continue to be made.

To elect and enroll in this opt-out arrangement, an eligible employee must complete and execute an online Election Form and file the completed form -- together with the employee's certification that they and their tax dependents have (or will have) other minimum essential coverage (other than individual coverage) during the Plan Year -- with the City's Risk Management Department during open enrollment before the Plan Year begins for which the opt-out election is to be effective. Once made, an employee's election to participate in this opt-out arrangement is irrevocable until the end of the Plan Year unless the employee is entitled to change their election under the FBP due to a mid-year election change event as described under section 3.07 of the City's FBP.

An eligible employee must provide the certification of other minimum essential coverage (other than individual coverage) annually during each open enrollment period. An employee who elected to participate in this \$1,000 cash-back opt-out arrangement will no longer be eligible to receive cash payments: (1) after the last day of employment if the employee terminates employment with the City; (2) if the employee is no longer eligible to participate in the FBP; (3) if the employee enrolls in a medical plan offered under City's FBP; or (4) if the employee ceases to maintain minimum essential coverage for them and their tax dependents under another employer-sponsored group medical plan or qualifying governmental program.

An eligible employee who elects the \$1,000 cash-back waiver under this opt-out arrangement will have no remaining FBP Credits to "spend" on other FBP component plan offerings. However, the employee may elect

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benefits offered through these other component plans by paying for the cost of those benefits with pre-tax salary reduction contributions.

3. Option No. 2 to Choose A Medical Insurance Option and Use Remaining FBP Credits For Other Benefits But Take No Cash-Back

All eligible employees hired on or after July 1, 2020, who choose a medical insurance option, will have the following Flex Credits available. Once the employee selects a medical plan offered under the FBP for Employee Only or for one of the Employee-Plus tiers below, the employee may use the remaining Flex Credits for other insurance plans offered under the FBP (life, dental, vision), or to fund a flexible spending account (FSA) for dental/medical/vision reimbursements or child/dependent care. However, no FBP credits remaining may be deposited to their 401(k) account or be taken as cash-back. An eligible employee who has other medical coverage outside the FBP may still select the lowest cost Employee Only medical insurance option and then use the remaining Flex Credits for other benefits but no cash-back.

Flexible Benefits Tier	Effective Dates	
	7/1/20	12/1/23
Employee Only	\$7,600	\$7,851
Employee and Children	\$15,000	\$15,495
Employee and Spouse/Domestic Partner	\$18,250	\$18,250
Employee and Spouse/Domestic Partner and Children	\$20,750	\$21,435

For employees hired on or after July 1, 2020, only Eligible Employees who elected the "Waiver" under the Option No. 1 "opt-out arrangement" can receive FBP credits in cash-back payments.

Any unused Flex Credits will be forfeited at year-end and cannot be carried over from year-to-year.

~~J. The parties agree to reopen negotiations over flexible benefit credits if the healthcare plan that most represented employees are enrolled in during calendar year 2023 is projected to increase by more than 5% in calendar year 2024. The parties agree that any negotiations related to flexible benefits will commence on August 1, 2023 and conclude no later than September 15, 2023 and any changes to the flexible benefit credits for calendar year 2024 will be decided by mutual agreement."~~


3. Unless expressly covered in this Agreement, all wages, hours and other terms and conditions of employment presently enjoyed by Local 145-represented employees, whether stated in an MOU, Personnel Regulation, Administrative Regulation or in any other enforceable document, remain in full force and effect.
4. This Agreement is not binding on the Parties until it is approved by a two-thirds vote of the City Council, in accordance with San Diego Charter section 11.2.

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This Agreement is executed by the following authorized representatives of each party.

**San Diego City Firefighters, I.A.F.F.,
Local 145**

By: 

Jim Cunningham
Lead Negotiator


Date: 11/27/23

By: 

George Duardo
President

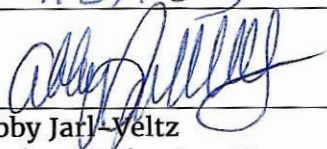
Date: 11/27/23

City of San Diego

By: 


Timothy Davis
Lead Negotiator

Date: 11/27/23

By: 

Abby Jarl-Veltz
Assistant Director, Human Resources

Date: 11/27/23


By: 

Manuel Quintero
Senior Human Resources Officer

Date: December 14, 2023

Approved as to form this 14th day of December, 2023.

MARA W. ELLIOTT, City Attorney

By: 

Miguel Merrell
Deputy City Attorney