



CITY OF COOS BAY

MEMORANDUM OF UNDERSTANDING

DATE: June 22, 2010

TO: Debbi Erler, President AFSCME Local 2892

FROM: Rodger Craddock, City Manager

SUBJECT: 2009-2012 AFSCME Contract Amendment

The parties mutually agree to amend the current contract, Article 29 Employee Insurance Coverage, for the duration of this contract and through 2015, as follows:

- A. For the term of this agreement, the City agrees to provide dental and vision insurance coverage for employees and their dependents that is equal on the whole to that presently in effect, unless another plan is mutually agreed upon, and medical insurance coverage that is substantially similar on the whole to the Regence High Deductible Health Plan with Health Savings Account (HDHP w/HSA2) unless another plan is mutually agreed upon. During the term of this agreement, full-time employees shall pay a co-pay equal to 10% of the cost of the full premium for employees, their dependents and qualified domestic partner. For part-time employees, the employee shall pay a 10% co-pay, but coverage shall be for the employee only; a part-time employee who wishes coverage for their dependents and qualified domestic partner shall pay the full cost of such coverage. The City shall make available to employees an IRS Section 125 premium conversion plan, under the terms of which an employee may elect and instruct the City to withhold, on a pre-tax basis, the employee's contribution to medical, dental and vision premiums.
- B. The City shall contribute 100% of the HDHP plan deductible (currently \$2,500 for a single and \$4,000 for a double or family) into eligible employee's HSA accounts for the employee's use for any eligible medical charges. The City shall contribute the full 2010 deductible amount into each employee's HSA account on or about August 1, 2010. On or about January 1st of each subsequent year during this agreement the City will contribute the full deductible into eligible employee's HSAs.

For AFSCME employees who are not eligible for an HSA as deemed by IRS rules and regulations (for instance they are on Medicare or Medicare eligible and/or they are covered by another non HDHP insurance policy) and/or those employees who choose not to have an HSA, the City will compensate them in an amount equal to the HDHP plan deductible (currently \$2,500 for a single and \$4,000 for a double or

family). PERS, Social Security, Medicare and Worker's Comp costs will be deducted from the compensation payments.

The City will make the maximum contribution to HSAs allowable by IRS rules and regulation (currently \$6,150 per calendar year) to married employees who are both working for the City. The City will compensate those employees the remainder part of the two HDHP plan deductibles (difference currently being \$1850 per calendar year). PERS, Social Security, Medicare and Worker's Comp costs will be deducted from the compensation payments.

Contributions to HSAs for mid-year hires will begin at the same time that medical insurance coverage starts which currently is the first of the month following the date of hire. The City will prorate the deductible (currently \$2,500 for a single and \$4,000 for a double or family) and deposit 1/12 of the employee's deductible in the employee's HSA account. This will continue each month through the month of December as long as the individual is still a City employee.

If an employee's status changes (they move from single to double and/or single to a family status) within the first three quarters of the calendar year (January through September) the City will make an additional contribution, the difference between the single and the double and/or family deductible (difference currently \$1,500 per calendar year) into the effected employee's HSA.

If after receiving a calendar year's contribution into an HSA, an employee retires, or resigns prior to June 30th of that same year, the employee will be required to reimburse the City 1/12 of the contribution which was made to their HSA for each full month remaining in the calendar year after their separation of employment with the City. Employees who are unable to continue their employment with the City due to a layoff or medical retirement would not be subject to repay any portion of the employer HSA contribution.

- C. The City shall make available to employees an IRS Section 125 premium conversion plan, under the terms of which an employee may elect and instruct the City to withhold on a pre-tax basis the employee's contribution to the health, vision and dental premiums, as permitted by law. The City shall make available to employees an IRS Section 125 plan, under the terms of which an employee may elect and instruct the City to withhold on a pre-tax basis an employee's contribution to their HSA up to a limit set by IRS rules and regulations (currently the employer/employee yearly contribution is limited to \$3050 for single and \$6,150 for double or family). The City shall make available to employees an IRS Section 125 plan, under the terms of which an employee may elect and instruct the City to withhold on a pre-tax basis an employee's contribution to their FSA up to a limit set by IRS rules and regulations (currently calendar year maximum is \$5,000 for married filing jointly or single, or \$2,500 if married filing separately). The City agrees to pay both the set up cost and administrative costs associated with the FSAs.

D. For the duration of this Contract the City agrees to provide life and long-term disability coverage for employees that are substantially equivalent to that presently in effect. The City shall pay the full premium for such coverage. Increases in cost of health insurance shall be considered by the parties in negotiations.

Dated this the day of June 2010

FOR THE CITY

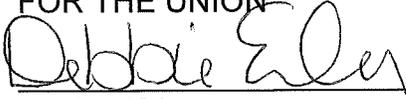


Rodger Craddock Date
City Manager 6/23/10

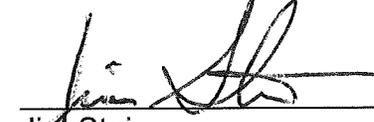


Nathan B. McClintock Date
City Attorney, City of Coos Bay 6/23/10

FOR THE UNION



Debbie Erler Date
President AFSCME Local 2892 6.23.10



Jim Steiner Date
Council Representative, Council 75 6.23.10