CITY OF COOS BAY

MEMORANDUM OF UNDERSTADING

DATE: June 23, 2010

TO: Michael Shaffer, CBPOA President

FROM: Rodger Craddock, City Manager

SUBJECT: 2009-2012 CBPOA Contract Amendment

Comes now the parties and agree to amend the current contract, Article 19 Employee Insurance Coverage, for the duration of this contract and through 2015, as follows:

19.1. The City agrees to provide vision and dental insurance coverage for employees and their dependents that is substantially similar on the whole to that presently in effect and medical insurance coverage that is substantially similar on the whole to the Regence High Deductable Health Plan with Health Savings Account (HDHP w/HSA2) unless another plan is mutually agreed upon. The City will continue to pay 90% of the cost of the medical, vision and dental premiums and each employee will pay 10% of such premiums.

19.2. 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 CBPOA members 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) the City will compensate in an equal amount of the HDHP plan deductible (currently $2,500 for a single and $4,000 for a double or family) to them as scheduled above. 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, or vice versa) 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 deductable (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, resigns or is administratively separated 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.

19.3 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).

19.4 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 and by an arbitrator in an analysis of total compensation.

19.5 The Association and the City pledge to cooperate in determining the most cost effective benefits package available periodically. Should the City elect to change any plan mentioned in paragraphs 19.1 or 19.2 above, the parties will utilize the grievance procedure to resolve any dispute over the City's proposed Plan and not the bargaining process.

19.6 The City shall pay to an injured worker the difference between what the employee receives from Workers' Compensation insurer and the employee's regular salary after taxes. This supplemental payment shall be made without cost or off-set suffered by the employee during the first ninety (90) days after the injury which accepted as an industrial accident. Thereafter the dollar value paid by the City shall be converted to the employee's hourly wage rate and charged on an hourly basis against the employee's accrued compensatory time, vacation and sick leave, in that order, unless the employee elects otherwise in writing within ninety (90) days of the injury. Upon the exhaustion of the employee's vacation and sick leave, the supplemental payments shall cease. Following the exhaustion of the employee's supplemental benefit under this article, the employee shall receive Workers' Compensation benefits as provided under state law.

19.7 If an employee is disabled from returning to work after one (1) month of disability or after the employee has exhausted the supplemental benefits as provided for in Section 19.5 of this Article, the employee is eligible for administrative separation subject to the employee's right to reappointment as provided by the law. Any employee subject to administrative separation shall retain all medical benefits in accordance with the terms of the policy and applicable federal law (COBRA). If the employee is disabled to the extent that it is unlikely the employee will return to work, the employee may be administratively separated at any time and shall receive as a lump sum payment of accrued and unused vacation and sick leave as a supplemental disability payment.

Dated this the day of June 2010

6-23-10

Michael Shaffer, Date
CBPOA President

6-23-10

Rodger Craddock Date
City Manager