

**SIDE LETTER AGREEMENT
BETWEEN THE
INTERNATIONAL UNION OF OPERATING ENGINEERS, STATIONARY ENGINEERS,
LOCAL 39
AND
THE CITY OF ROSEVILLE
RELATED TO THE MODIFICATION OF THE RETIREE HEALTH SAVINGS
ACCOUNT AND UNIFORM PROVISIONS**

The City of Roseville (hereinafter referred to as "City") and the International Union of Operating Engineers, Stationary Engineers, LOCAL 39 (hereinafter referred to as the "Local 39") entered into a Memorandum of Understanding ("MOU") with a term beginning on January 1, 2024, and terminating on December 31, 2027. The City and Local 39 are collectively referred to herein as the "Parties."

Background and Overview.

The Local 39 MOU, effective January 1, 2024, included updates to the Retiree Health Savings Account (RHSA) provision to allow access to the RHSA upon retirement or separation. The RHSA plan document was updated to reflect these changes. Subsequently, it was discovered that an administrative correction is needed in the MOU language to match the Plan document and to create consistent application of this benefit across labor groups for the City benefits to begin after five (5) years of cumulative service. This will provide incentive for the return of experienced employees who separated and correct the administrative concerns. Further, the plan document, effective January 1, 2024, needs to be updated to confirm the administration practice for rehired employees to start back at a one percent (1%) employee contribution upon their return, treating that as year 1.

Thus, the parties mutually agree to modify the **Local 39 MOU, Chapter 3, Article II, Retiree Health Benefits, provision D.**, as shown in tracked change edits below:

D. For Employees Hired On or After January 1, 2014. (Tier 3)

1. Employee hired on or after January 1, 2014 shall have no vested right in any post-employment 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 ~~or separation~~ from the City.
2. After five (5) years of ~~cumulative~~ ~~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 equal to \$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 service with the City, employees may draw from the City contribution to this account ~~upon retirement~~ for all covered medical expenses pursuant to Section 213 of the IRS Code including participation in non-City sponsored plans.

Additionally, based on a CalPERS inquiry, it was determined that a provision should be added to the uniforms section of the MOU to ensure the special compensation reported for Classic employees prior to this agreement would meet CalPERS requirements. While we agreed to add a sentence during bargaining to address this, we subsequently were advised by CalPERS staff that we need to clarify the special compensations reported to CalPERS related to uniform costs for Classic member and delineated in prior publicly approved MOUS back to 1994.

Thus, the parties mutually agree to modify the **Local 39 MOU, Chapter 2, Article X, Uniform Allowance, provision A**, as shown in tracked change edits below:

- A. The City agrees to provide three (3) options for uniforms per A1 through A3 below. Management in each division will determine whether employees are required to wear uniforms. The value of the uniform allowance and/or uniforms provided, cleaned, and maintained by the City, up to a total of \$1,500 annually, is reported to CalPERS as compensation subject to retirement contributions for employees in the Classic retirement tier (not PEPR). This excludes the monetary value for personal health and safety equipment or any items not reportable per CalPERS. This is capturing and inclusive of prior City reported special compensation, related to uniforms, to CalPERS for Classic members, effective at least as early as January 1, 2013, (or earlier, including as far back as 1994) on the belief and understanding that CalPERS regulations did not require specified amounts be delineated in publicly approved MOUs prior to this date. MOU-reported earnings to CalPERS for Classic members.

The specific provisions contained in this Side Letter Agreement (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 Local 39 remain in full force and effect.

This SLA will remain in effect unless it is modified through further negotiations in accordance with the MMBA. This Agreement is executed by the following authorized representatives of each Party:

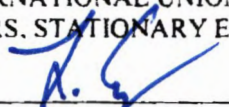
THESE ARE TENTATIVE TERMS SUBJECT TO APPROVAL OF THE CITY COUNCIL.

CITY OF ROSEVILLE

THE INTERNATIONAL UNION OF OPERATING
ENGINEERS, STATIONARY ENGINEERS, LOCAL 39

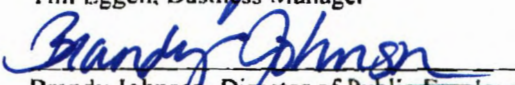


Dominick Casey, City Manager

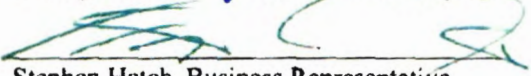


Tim Eggen, Business Manager

Date: 6-19-2024



Brandy Johnson, Director of Public Employees



Stephen Hatch, Business Representative