

SIDE LETTER OF AGREEMENT

BETWEEN

SCOTTS VALLEY FIRE PROTECTION DISTRICT

AND

CHIEF OFFICERS

This Side Letter of Agreement (Agreement) between the Scotts Valley Fire Protection District ("District") and the Battalion Chiefs of the District (herein referred to as "Chief Officers", collectively referred to as the "Parties") is entered into with respect to the following:

WHEREAS, the District and the Chief Officers are currently parties to a Memorandum of Understanding (MOU) with a term of July 1, 2021 through June 30, 2025; and

WHEREAS, Article IX, paragraph (a), of the Parties' MOU provides that the District has elected to contract with the Public Employees' Retirement System ("PERS") to provide medical insurance coverage in accordance with the Public Employees' Medical and Hospital Care Act ("PEMHCA"); and

WHEREAS, per Article IX, paragraph (a), subparagraph (iii) of the Parties' MOU, the District's medical insurance contribution is as follows: the District contributes the premium for Chief Officers who enroll in a CalPERS medical plan and his or her eligible dependents, up to a maximum contribution of ninety-seven percent (97%) of the Bay Area PERS Choice PPO medical plan;

WHEREAS, recently, CalPERS announced that for calendar year 2022, it is eliminating the PERS Choice and PERS Care plans from the medical plans it offers to agencies who contract with CalPERS for medical insurance per the PEMHCA. In conjunction with eliminating the PERS Choice and PERS Care plans, CalPERS announced it is merging both plans into a new "PERS Platinum" plan for 2022, with premium increases for the Bay Area region, as follows:

| Basic Premiums - Region 1 | | | |
|---------------------------|------------|----------------------------|-----------------------------|
| 2022 Calendar Year | Subscriber | Subscriber and 1 Dependent | Subscriber and 2 Dependents |
| PERS Platinum | \$1,057.01 | \$2,114.02 | \$2,748.23 |

WHEREAS, since the Parties' MOU ties the District's contribution for medical insurance to the PERS Choice plan, and the plan is no longer offered for 2022, the Parties met and conferred and have agreed to changes to their MOU as set forth below; and

WHEREAS, the following terms and conditions serve to amend the Parties' MOU where indicated and are otherwise incorporated into the MOU and will remain in effect for the term of the MOU subject to change pursuant to the Parties' successor contract negotiations:

1. Article 9, paragraph (a), subparagraph (iii) of the Parties' MOU will now read:

"The District agrees to pay CalPERS an amount of money on behalf of the active employee and his or her eligible dependents. The District paid amount, when combined with the minimum employee contribution ("MEC"), shall be the equivalent of 96% of the monthly premium cost of the Region 1 PERS Platinum PPO Plan as the maximum allowable premium amount (prior to January 1, 2022 District contribution was 97% of the PERS Choice Plan)."

2. The District's medical contributions for the remainder of calendar year 2021 will be in accordance with the amended MOU language set forth above in paragraph 1.
3. The District's maximum medical insurance contributions are inclusive of (not in addition to) the CalPERS statutory minimum payment for each employee's health insurance.
4. Effective January 1, 2022 and moving forward, the District will no longer contribute 97% of any premiums and will instead provide of 96% of the monthly premium cost of the Region 1 PERS Platinum PPO Plan as the maximum allowable premium amount, as set forth above in paragraph 1.
5. The Parties agree to meet and confer on healthcare costs prior to the open enrollment period of 2022 and to consider a 5% employee contribution toward the Region 1 PERS Platinum premium.
6. Chief Officers are also now eligible for an Alternate Benefit, Healthcare Opt-Out cash payment, which will be added to the Parties' MOU as Article IX, Section 9.01, paragraph (a), subparagraph (vi).

This benefit is available to those full-time employees in regular or probationary status who: (1) elect to opt-out of receiving a District-sponsored health insurance plan; (2) are not enrolled in a District sponsored health insurance plan as the dependent of another District employee; and (3) provide proof of medical insurance coverage from a plan other than a District sponsored plan.

Any cash payment provided under this Side Letter shall be reported to the Internal Revenue Service ("IRS") and California Franchise Tax Board as compensation subject to income tax withholding. Each employee shall be solely and personally responsible for calculations regarding PERS retirement benefits. If an employee is to discontinue their opt-out status due to a qualifying event, the alternative benefit contributions will terminate on the last complete pay period prior to being reintroduced to a District sponsored plan.

The amount of alternative benefit amount provided to a Chief Officer will be a flat rate of \$500.00 per month. Participation in the Alternative Benefit program must be elected each year during the open enrollment period for healthcare.

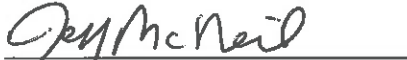
FOR THE SCOTTS VALLEY FIRE PROTECTION DISTRICT



Joseph Parker
Lead Negotiator of the Board of Directors
Scotts Valley Fire Protection District

12/3/21
Date

FOR THE CHIEF OFFICERS



Jeff McNeil
Battalion Chief
Scotts Valley Fire Protection District

11/4/21
Date



Andrew LoFranco
Battalion Chief
Scotts Valley Fire Protection District

11/6/21
Date



Chris Stubendorff
Battalion Chief
Scotts Valley Fire Protection District

11/7/21
Date