

CITY OF NAPA CITY COUNCIL  
**AGENDA REPORT**

CONSENT CALENDAR  
AGENDA ITEM 5.G.  
Date: August 18, 2015

To: Honorable Mayor and Members of City Council

From: Nancy Weiss, Assistant City Manager

Prepared by: Desiree Brun, Assistant to the City Manager

Subject: Napa Chief Fire Officers Memorandum of Understanding

**ISSUE STATEMENT:**

Approve Amendment No. 1 to the Napa Chief Fire Officers (NCFO) Memorandum of Understanding approving revisions to Health Reimbursement Arrangement (HRA) benefits, consistent with those agreed to by Napa City Firefighters Association (NCFA), and authorize the Assistant City Manager to execute the Amendment.

**DISCUSSION:**

On June 16, 2015, City Council approved a Tentative Agreement with the Napa City Firefighters Association (NCFA) that included a modification to the language for the HRA contribution at the time of retirement. Previously the contribution at the time of retirement allowed for one-hundred percent (100%) of the sick leave balance to be cashed out at the rate of fifty percent (50%) of the member's base hourly rate at the time of retirement, with no ability to use a portion for retirement service credit. The new language allows for fifty percent (50%) of the sick leave balance to be cashed out at one-hundred percent (100%) of the member's base salary at retirement and the remaining fifty-percent (50%) can be used towards retirement service credit.

Currently NCFO can convert one-hundred percent (100%) of sick leave balance at the rate of fifty-percent (50%) of their base pay at retirement into the HRA. There is currently no provision for conversion of accumulated sick leave to retirement service credit. The proposed change would allow NCFO the same benefit as NCFA whereby, upon retirement, NCFO members could convert fifty-percent (50%) of remaining sick leave balance into their HRA and fifty-percent (50%) of remaining sick leave balance could be converted to retirement service credit.

This change would make NCFO MOU provisions related to unused sick leave upon retirement consistent with NCFA provisions. Based on staff analysis, there is minimal financial impact primarily due to much lower sick leave balances based on previous restructuring of retiree medical benefits through the HRA arrangement for both NCFA and NCFO bargaining groups. Additionally, because NCFO and NCFA are under the same PERS contract, both would be eligible for service credit conversion. Other City bargaining groups already have this option.

**FINANCIAL IMPACTS:**

The costs associated with the changes to the NCFO MOU provided by this amendment are minimal and can be absorbed in the adopted FY 2015-17 budget, therefore a budget adjustment is not required at this time. There are no impacts on the City's PERS rate as the sick leave benefit conversion provision is already included in our current rate. Costs associated with the sick leave conversion to retirement service credit provision is evaluated by PERS in an actuarial analysis for all CALPERS agencies every 4 years.

**CEQA:**

The City Manager has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15378.

**DOCUMENTS ATTACHED:**

1. Attachment 1: Amendment No. 1 to the Napa Chief Fire Officers Memorandum of Understanding Health Reimbursement Arrangement (HRA) benefits, consistent with those agreed to by Napa City Firefighters Association (NCFA)

**NOTIFICATION:**

Napa Chief Fire Officers

**RECOMMENDED ACTION:**

Staff recommends that the City Council move, second and approve each of the actions set forth below, in the form of the following motion. Move to:

Approve Amendment No. 1 to the to the Napa Chief Fire Officers Memorandum of Understanding Health Reimbursement Arrangement (HRA) benefits, consistent with those agreed to by Napa City Firefighters Association (NCFA), and authorize the Assistant City Manager to execute the Amendment.