

AGENDA ITEM # _____

DATE: 07/06/2015

COAC NUMBER: 15-5637

**CITY OF GOODYEAR
CITY COUNCIL ACTION FORM**

SUBJECT: City Council to consider for possible action, approval of an amendment to the MOU between the City of Goodyear and United Goodyear Firefighters - UGFF

STAFF PRESENTER: Lyman Locket,
Human Resources Director

**COMPANY
CONTACT:**

RECOMMENDATION:

Approve amendment to the Memorandum of Understanding (MOU) between the City of Goodyear and the United Goodyear Firefighters commencing on July 1, 2015, and expiring on June 30, 2018.

PURPOSE:

As part of the MOU between the City of Goodyear and United Goodyear Firefighters approved by Council on June 22, 2015 via Resolution No. 15-1710, the United Goodyear Firefighters created a Post-Retirement Health Savings Trust Fund. The City has agreed to match a contribution of \$12.50 per pay period for each eligible member to the fund. The contribution is funded by reducing the uniform allowance by an equal amount.

The plan design has been finalized and requires changes in the language be compliant with IRS guidelines. Along with a statement of eligibility to meet the IRS compliance guidelines, we have also included language that further defines roles and responsibilities of all parties related to the plans design.

BACKGROUND AND COMMUNITY BENEFIT:

In order to meet this compliance issue we are recommending approval of an amendment to Article 10: Post-Retirement Health Savings Trust Fund; of the MOU. The recommended changes are as follows:

New Language:

Article 10: Post-Retirement Health Savings Trust Fund

1. *The Union shall join the Arizona Firefighters Retiree Health Trust Fund, an Internal Revenue Code Section 501(c)(9) voluntary employee beneficiary association (the "Trust"), for the purpose of providing retiree health care benefits and other benefits to eligible Union members as the Trustees of the Trust may determine.*
2. *The Trust shall be managed and administered by a Board of Trustees appointed in accordance with the Trust document. The Union (as "Indemnitor") shall indemnify, defend and hold harmless the City (as "Indemnitee"), and its respective governing body, officers, officials, agents and employees, for, from and against any and all claims, loss,*

demands, suits, costs (including reasonable attorneys' fees and costs of litigation), liabilities, expenses, or damages (herein collectively referred to as "Claims") arising out of the administration and management or breach of fiduciary duty regarding the Trust. The damages which are subject of this indemnity shall include, but not be limited to, reasonable attorney fees, court costs, settlement expenses and litigation expenses related to liability described in this paragraph and/or related to any claim or action asserting liability against the Indemnatee or its governing body, officers, officials, agents and employees or volunteers. Such indemnification shall survive the expiration of this MOU and remain in place for such time as the Trust shall exist. The indemnification of the City by the Union shall not extend to any damages incurred as a result of the negligence or misconduct of the City with regard to the calculation, collection or deposit of Trust contributions.

3. Each *eligible Unit Member* will contribute \$12.50 per pay period into the Trust for the purpose of providing a monthly stipend for retirees to apply to the cost of their health insurance premiums and related expenses upon retirement. Unit Members covered by the MOU are required to participate in the Trust unless they are eligible to retire prior to July 1, 2020 AND they have opted out of Trust participation prior to July 1, 2015.
4. The City will contribute a matching contribution of \$12.50 per *eligible Unit Member* per pay period into the Trust as a benefit of employment.

Current Language:

Article 10: Post-Retirement Health Savings Trust Fund

1. To the extent the Union establishes the United Goodyear Fire Fighters Post-Retirement Health Savings Trust Fund, an Internal Revenue Code Section 501(c)(9) voluntary employee beneficiary association (the "Trust"), for the purpose of providing retiree health care benefits and other benefits as the Trustees of the Trust may determine.
2. The Trust shall be managed and administered by a Board of Trustees appointed by the Union.
3. Each Member will contribute \$12.50 per pay period into the Trust for the purpose of providing a monthly stipend for retirees to apply to the cost of their health insurance premiums and related expenses upon retirement. Eligible Unit Member contributions are mandatory and therefore shall be deducted from payroll by the City on a pre-tax basis or as otherwise regulated by IRS rules and remitted to the Trust on a bi-weekly basis.
4. The City will contribute a matching contribution of \$12.50 per Member per pay period into the Trust as a benefit of employment.

PREVIOUS ACTIONS AND DISCUSSION:

None.

FISCAL ANALYSIS:

No financial impact.

ATTACHMENTS:

1. Exhibit A - MOU July 1, 2015 through June 30, 2018 City of Goodyear and United Goodyear Firefighters (Amended Version redlined)
2. Exhibit B - MOU July 1, 2015 through June 30, 2018 City of Goodyear and United Goodyear Firefighters (Final Version)