

**SIDE LETTER AGREEMENT BETWEEN
SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
AND
THE ASSOCIATION OF SAN BERNARDINO COUNTY FIRE MANAGERS**

MODIFIED BENEFIT OPTION (MBO)

Section 1 – General Provisions

- (a) All full-time employees in a regular position in the Fire Management Unit shall be provided an opportunity to convert from a regular position with traditional benefits (i.e., traditional benefit option) to a regular position with modified benefits and a wage differential (i.e., modified benefit option).
- (b) Employees may choose to enroll in the MBO at hire or during the annual open enrollment period, and may choose to change to the traditional benefit option during subsequent open enrollment periods.
- (c) Employees who select the Modified Benefit Option must commit to work a minimum of 1,560 hours per calendar year.
- (d) In order to receive the benefits and wage differential of the MBO, the employee must specifically choose the Option.

Section 2 – Modified Benefit Option Wage Differential

- (a) Employees who select the MBO shall receive a wage differential of 4% above the base rate of pay. The wage differential shall be paid on all paid hours (e.g., REG, PTO, etc.).
- (b) The wage differential shall be considered as part of the base hourly rate when calculating percentage-based differentials (e.g., longevity pay), the County's contribution to the employee's Retirement Medical Trust (RMT) account and sick leave conversion cash-out pursuant to the RMT Article, and other leave cash-outs if any. Provided below is an example of how the County's contribution to the RMT would be calculated:

Example: A Tier 1 Battalion Chief with 17 years of continuous County service selects the MBO. The employee's base hourly rate is \$48 per hour. This employee is eligible for a County contribution to the RMT equal to 3% of the employee's base bi-weekly salary. The County contribution to the RMT is calculated as follows:

112 hours X (\$48.00 per hour X 1.04 MBO Wage Differential) = \$5,591 base bi-weekly salary for purposes of County contribution to the RMT

\$5,591 X 3% Contribution Rate = \$167.73

The County will contribute \$167.73 to the RMT on behalf of the employee that pay period.

Section 3 – Benefits and Leaves

Except as provided in this Article's Section 3 and Section 4, employees who select the MBO shall receive the same benefits and leaves that employees who select the traditional benefit option receive.

- (a) Medical Coverage. Employees who select the MBO shall have the same medical plan options as employees who select the traditional benefit option (e.g., Blue Shield Signature HMO, Kaiser HMO, Blue Shield Access + HMO, Kaiser Choice HMO, and Blue Shield PPO).
- (b) Medical Premium Subsidy (MPS).

Effective July 17, 2021, the MPS amounts shall increase to the following amounts per pay period:

Coverage Type	MPS Amount
Employee Only	\$166.85
Employee + 1	\$314.95
Employee + 2	\$431.39

Effective July 16, 2022, the MPS amounts shall increase to the following amounts per pay period:

Coverage Type	MPS Amount
Employee Only	\$168.63
Employee + 1	\$318.03
Employee + 2	\$435.49

Section 4 – Paid Time Off (PTO) and Holiday Leave

- (a) Paid Time Off Definition. Employees who select the MBO shall be granted Paid Time Off (PTO) in lieu of any other Vacation or Sick accrual leave provisions. Additionally, employees shall accrue holiday leave in accordance with this Article's Section 4(f).
- (b) PTO Accumulation. Employees shall accrue, on a pro rata basis, PTO for each pay period up to the annual allowance provided in the chart below and shall be eligible for prior service credit as provided in the Leave Provisions Article Section 2(f). Such PTO allowance shall be available for use on the first day following the pay period in which it is earned, provided an employee has completed six pay periods or its equivalent of continuous service from the employee's hire date.

(c) PTO Allowance.

Length of Service From Hire Date	PTO Allowance	Approximate Accrual Rate Per Pay Period	Maximum Allowed Unused PTO Balance	Maximum Allowed Combined Unused Annual Leave and PTO Balance for Employees Who Convert to the Modified Benefit Option
0 through 11,648 hrs.	180 hours	6.92 hours	270 hours	286 hours*
Over 11,648 - 26,208 hrs.	236 hours	9.08 hours	356 hours	381 hours*
Over 26,208 hrs.	292 hours	11.23 hours	440 hours	595 hours*

*The employee's maximum allowed PTO balance may not exceed 270, 356, or 440 hours, as applicable.

(d) PTO Administration.

- (1) PTO for Vacation Leave Purposes. When PTO has been requested for vacation leave purposes, PTO shall be administered according to the Leave Provisions Article Section 2(c).
- (2) PTO for Sick Leave Purposes. When PTO has been requested for sick leave purposes, PTO shall be administered according to the Leaves Provisions Article Section 1.
- (3) Separation. Employees separating from County employment shall have any unused PTO administered in the same manner that Vacation Leave is administered at separation according to the Leaves Provision Article Section 2(c)(4).
- (4) Employees who are subsequently hired into a position in a bargaining unit that does not contain the MBO shall carry over their existing PTO balance and begin accruing vacation and sick leave immediately.

(e) PTO Cash-Out. Employees may exercise the PTO cash-out under procedures established by the Human Resources Department and may exercise the following options:

- (1) Option 1 – Employees may elect to convert up to one hundred and twelve (112) hours of accrued PTO into a cash payment, at the base rate of pay in effect at the time of the cash-out. In order to sell back PTO, an employee must make an irrevocable election (i.e., pre-designation) during the month of December, specifying the number of hours to be sold back from the next year's PTO accrual. During the calendar year following the pre-designation, no more than three (3) requests may be made to cash out the PTO in a single block of not less than fourteen (14) hours and no more than one hundred and twelve (112) hours total. An employee shall be eligible to cash-out PTO hours accrued up to the preceding pay period in which he/she requested the cash-out. For example, an employee who requests a cash-out in pay period 15 can only cash-out the PTO accrued through pay period 14. The number of hours requested for cash-out shall not exceed an amount equal to or less than the amount accrued. For example, an employee in December 2021 makes a pre-designation to cash-out 45 hours. The employee accrues 11.23 hours of PTO per pay period. At the end of pay period 3 the employee can request to cash-out the 22.46 hours of PTO accrued through pay period 2, but is not yet eligible to cash-out the entire 45 pre-designated hours

because the employee has yet to accrue 45 hours of PTO. Once an election is made, if the employee does not request that the designated number of hours be sold back by pay period 25 of the calendar year in which the election is effective, the hours will be automatically converted to cash in pay period 26.

- (2) Option 2 – Existing accruals may be cashed out in whole hour increments with a minimum of fourteen (14) hours and a maximum of one hundred and twelve (112) hours. The cash out will be subject to a ten percent (10%) penalty.
- (3) In lieu of cash, an eligible employee may designate that part or all of the value of PTO time to be sold back is allocated to a deferred income plan if such a plan is approved by the District and credit for vacation time is allowed under the plan.

(f) Holiday Leave.

- (1) Accumulation, Allowance, and Administration. Holiday Leave shall be accumulated and administered according to the Leave Provisions Article Section 3 except that employees shall receive holiday leave accruals and maximum accumulations as follows:

Hours Per Year/Accrual Rate Per Pay Period	Maximum Allowed Unused Balance
143 hours per year/5.5 hours per pay period	310 hours

- (2) Holiday Cash-Out. Employees may elect to sell back accrued holiday leave according to the Leave Provisions Article Section 3(d) except that employees may elect to sell back accrued holiday leave up to a maximum of one hundred thirty-one (131) hours.

(g) Accrual Carryover Following Benefit Change.

- (1) Traditional Benefit Option to Modified Benefit Option.

- (i) Employees who convert from the traditional benefit option to the MBO shall carry over and may utilize their existing vacation, holiday, and sick leave balances; provided, however, that employees shall no longer accrue vacation leave and sick leave after converting to the MBO. After converting to the MBO the employee shall be immediately eligible to accrue PTO.

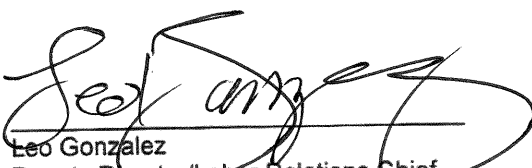
- (ii) Vacation Cash-Out. Employees who met the eligibility requirements for the vacation cash-out prior to selecting the MBO, and pre-designated to cash-out vacation leave during the required pre-designation period while in the traditional benefit option, shall remain eligible to cash-out vacation leave. However, employees enrolled in the MBO shall not be eligible to pre-designate to cash-out vacation leave while enrolled in the MBO unless employee intends to convert to the traditional benefit option during next calendar year's open enrollment period and start accruing vacation that calendar year. Additionally, employees who select the MBO will continue to have the option to cash-out existing vacation accruals provided by Option 2 in the Leave Provisions Article Section 2(d).

(2) Modified Benefit Option to Traditional Benefit Option.

(i) Employees who convert from the MBO to the traditional benefit option shall carry over and may utilize their existing PTO balance (if any) and begin accruing vacation, holiday, and sick leave immediately according to the Leave Provisions Article; however, the maximum combined PTO and vacation accrual that may be carried over to a future calendar year shall not exceed this employee's allowed maximum vacation accrual balance at the end of the calendar year as established in the Leave Provisions Article Section 2(b)(1).

(ii) PTO Cash-Out. Employees who met the eligibility requirements for the PTO cash-out prior to converting from the MBO to the traditional benefit option, and pre-designated to cash-out PTO during the required pre-designation period while in the MBO, shall remain eligible to cash-out PTO. However, employees enrolled in the traditional benefit option shall not be eligible to pre-designate to cash-out PTO while enrolled in the traditional benefit option unless employee intends to convert to the MBO during next calendar year's open enrollment period and start accruing PTO that calendar year. Additionally, employees who convert from the MBO to the traditional benefit option will continue to have the option to cash-out existing PTO according to this Article's Section 4(e)(2).

Dated: 02/07/2022


Leo Gonzalez
Deputy Director/Labor Relations Chief


Gary Jager
FMU President