

MEMORANDUM OF UNDERSTANDING

PORT OF SEATTLE AND INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL NO. 1257

RE: Long Term Disability; Vacation Accrual Cap; Medical Expense Reimbursement Plan; Mandatory Direct Deposit

This Memorandum of Understanding, made effective as of the date of signing, is entered into by and between the International Association of Firefighters, Local No. 1257 (Union) and the Port of Seattle (Port), referred to herein collectively as the Parties.

WHEREAS, the Parties mutually requested modification of several items in the Parties' Collective Bargaining Agreement (CBA), and accordingly, negotiated in good faith; and

WHEREAS, the Parties wish to modify and/or clarify contractual language contained in the articles and/or sections of the current executed CBA (2008-2010), as specifically listed herein;

NOW, THEREFORE, the Parties agree as follows:

1. Long Term Disability (LTD)

- a. In accordance with the CBA, section 17.11, the Union has opened the CBA, and the Parties have mutually negotiated modifications in LTD for employees covered under the CBA.
- b. The CBA, section 24.5 (Long Term Disability), will be deemed modified as follows:

Section 24.5 - L.T.D. (Long Term Disability)

Effective January 1, 2009, the Union will provide Long Term Disability (LTD) coverage for employees covered under this Agreement, through the WSCFF Disability Program (underwritten by Standard Insurance Company), via Port payroll deduction from each employee's second (2nd) monthly paycheck. Employees shall be responsible for paying one hundred percent (100%) of premiums for LTD coverage. The Union shall be responsible for any overages or shortages in premiums. The Union shall also be responsible for liaising with the broker(s) for employees' LTD coverage. The Port will remit LTD premiums to the Union in a similar manner as the Port remits employees' Union dues.

- c. The CBA, section 24.6 (Maintenance of Benefits), will be deemed modified as follows:

Section 24.6 – Maintenance of Benefits

Effective January 1, 2008, 2009, and 2010, the Port agrees to pay one hundred percent (100%) of the premiums for insurance benefits listed under Sections 24.1 through 24.4.

The Port shall maintain the current level of benefits for eligible, active employees only for the duration of this contract. No eligible employee, retiree, or eligible dependent has the right to receive such benefits for his or her lifetime or beyond the duration of this contract. The medical and welfare benefits for employees and dependents do not become vested upon retirement. This language is meant to clarify the intent of the Parties from past negotiations of this Section.

- d. In recognition of exchanging employer-paid LTD with employee-paid LTD, effective January 1, 2009, employees in all classifications covered by this CBA shall have their 2009 base monthly wages (see CBA, Appendix "A") increased by a flat dollar amount of one hundred twenty dollars and sixty seven cents (\$120.67)—the current monthly cost of Port-paid LTD premiums for Firefighter "A" at the time of this MOU. This one-time, flat dollar increase shall be in addition to any cost-of-living adjustments listed in the CBA.

2. Vacation Accrual Cap

- a. The CBA, section 18.2 (Limits on Accumulating Vacation Leave and Cash Out), will be deemed modified as follows:

Section 18.2 – Limits on Accumulating Vacation Leave and Cash Out

Vacation leave accumulation for all employees covered under this Agreement shall be limited to a maximum accrual of five hundred seventy six (576) hours. Any vacation leave accruals exceeding this maximum accrual cap shall be forfeited and not subject to cash out and/or use. Employees shall be responsible for monitoring and taking vacation leave in order to avoid any forfeiture of leave.

Any unused vacation leave at or under the 576-hour accrual cap may be cashed out by the employee under the following conditions:

Day Shift Personnel: To be eligible to cash out vacation hours the following conditions must be met:

- a. You must have taken one (1) week of vacation in the past calendar year, or provide justification for work related impacts that have prevented vacation use in the past twelve (12) months.
- b. Your sick leave usage in the previous twelve (12) months cannot have exceeded forty (40) hours.
- c. Cash out hours cannot exceed fifty percent (50%) of hours accrued annually and must be available at the time of cash out.
- d. Complete and turn in the Vacation Hours Cash Out form to your supervisor.
- e. Union/Management will not tolerate abuse of this policy.

Suppression Shift Personnel: To be eligible to cash out vacation hours the following conditions must be met:

- a. You must have taken four (4) twenty-four (24) hour shifts of vacation in the previous twelve (12) months.
- b. Cash out hours cannot exceed fifty percent (50%) of hours accrued annually and must be available at the time of cash out.
- c. Your sick leave usage in the previous twelve (12) months has not exceeded three (3) twenty-four (24) hour shifts.
- d. Complete and turn in the Vacation Hours Cash Out form and submit it to your supervisor.
- e. Union/Management will not tolerate abuse of this policy.

- b. The CBA, Article 18 (Vacation), will be deemed modified by the addition of subsection 18.3, as follows:

Section 18.3 – Payment for Vacation Leave at Termination

Upon termination of employment, regular permanent employees shall receive pay in lieu of unused vacation based on the maximum accrual and other limitations stated in this Article.

3. Medical Expense Reimbursement Plan (MERP)

- a. In accordance with the CBA, sections 17.11 and 24.7, the Union has opened the CBA, and the Parties have mutually negotiated, a MERP for employees covered under the CBA.
- b. The CBA, Article 24 (Insurance), will be deemed modified by the addition of subsection 24.10, as follows:

Section 24.10 – WSCFF Medical Expense Reimbursement Plan

The Port shall make monthly contributions on a pre-tax basis from the base monthly salary of each employee to the WSCFF Employee Benefit Trust (Trust). The contribution rate of seventy five dollars (\$75.00) per month shall be deducted from each employee's first (1st) monthly paycheck, on a pre-tax basis, at the rate. These contributions shall be included as salary for the purpose of calculating retirement benefits. The Union shall have the option to adjust the contribution rate annually, and shall communicate any adjustment to the Port by December 1st for the following year.

Upon termination of employment, the Port (on behalf of the employee) shall make a one-time contribution into the WSCFF Employee Benefit Trust in an amount equal to twenty-five percent (25%) of the eligible employee's sick leave cash out, as provided in Section 17.3 (Sick Leave Upon Termination) of the CBA.

This Trust shall remain separate and apart from any Port retiree health insurance funding program, if applicable, unless changed by mutual agreement of the Parties to this CBA. This Section does not provide employees, retirees, or dependents with a vested right in Port-paid retiree health insurance. This language is meant to clarify the intent of the Parties from negotiations of this Section. The Parties agree that only eligible, active employees may contribute to the Trust, and only for the duration of this contract. This provision expressly incorporates by reference the most recent MERP and Trust Agreement, and such documents shall be administered and interpreted in a manner consistent with this paragraph.

- c. The CBA, section 17.3 (Sick Leave Upon Termination), will be deemed modified as follows:

Section 17.3 – Sick Leave Upon Termination

After five (5) years of service, bargaining unit members, upon termination of employment, shall receive compensation for fifty percent (50%) of their unused sick leave; provided that twenty five percent (25%) of the cash out shall be contributed into the WSCFF Employee Benefit Trust in accordance with Section 24.10 (WSCFF Medical Expense Reimbursement Plan) of the CBA.

4. Mandatory Direct Deposit

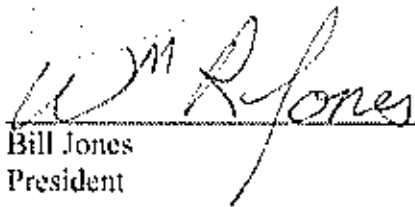
- a. The CBA, Appendix A, section 5 (Differentials), will be deemed modified by the addition of subsection (k), as follows:

(k) Mandatory Direct Deposit: Effective January 1, 2009, and as a condition of continued employment, all employees covered under this Agreement shall participate in the Port's direct deposit system for payroll purposes.

This Memorandum of Understanding is entered into on the 20th day of November, 2008.

**FOR THE INTERNATIONAL
ASSOCIATION OF FIREFIGHTERS,
LOCAL NO. 1257:**

FOR THE PORT OF SEATTLE:



Bill Jones
President



Gary Schmitt
Labor Relations Director



Thomas Sanchez
Vice President