



Office of the City Manager

CONSENT CALENDAR

October 13, 2026

To: Honorable Mayor and Members of the City Council

From: Paul Buddenhagen, City Manager

Submitted by: Janelle Rodrigues, Director, Human Resources

Subject: Cost-Neutral Berkeley Chief Fire Officers Association (BCFOA) Medical Expense Reimbursement Plan (MERP) Side Letter Agreement

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute the Side Letter Agreement between the City of Berkeley and the Berkeley Chief Fire Officers Association (BCFOA) concerning the disposition of eligible unused sick leave conversion value for employees hired before June 30, 2014, and to authorize immediate implementation of the agreement pending Council ratification.

FISCAL IMPACTS OF RECOMMENDATION

The agreement is cost neutral. It does not change the amount or percentage of unused sick leave value for which an eligible employee may qualify. It changes only the destinations to which the existing value may be directed. Accordingly, approval creates no additional City expenditure beyond obligations already established under the applicable memorandum of understanding.

CURRENT SITUATION AND ITS EFFECTS

The City and BFCOA negotiated the MERP side letter during 2025 and reached agreement on the substantive language in late fall 2025. The side letter was circulated for signature in December 2025. A substantively parallel agreement with the Berkeley Fire Fighters Association (BFFA) was fully executed by February 2026 and has been approved for implementation. The BCFOA agreement remains pending based on advice that Council approval and ratification are required.

BACKGROUND

Under the existing MOU language, eligible employees hired before June 30, 2014 may receive a percentage conversion of unused sick leave based on the number of unused days. The negotiated side letter does not alter the eligibility criteria, conversion percentage, or monetary value. It permits an eligible employee to direct the existing conversion value to one or more authorized retirement-related destinations, including a City of Berkeley deferred compensation plan, a 401(a) supplemental retirement plan, CalPERS service credit, the City's SRIP II plan, or the employee's MERP retiree medical account.

Human Resources initially planned to incorporate the language into a broader BCFOA tentative agreement for later Council approval. The anticipated retirement of two BCFOA members makes that approach impracticable because the employees may separate before the broader agreement can be completed and approved.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental sustainability or climate impacts associated with this action.

RATIONALE FOR RECOMMENDATION

The parties completed bargaining over this issue and agreed to a framework that provides employees greater control over the disposition of an existing benefit without increasing the City's cost. The parallel BFFA agreement has already been executed.

ALTERNATIVE ACTIONS CONSIDERED

Incorporate the language only into a broader BFCOA tentative agreement. This remains an option for prospective MOU administration but does not address the immediate retirement timing issue.

CONTACT PERSON

Janelle Rodrigues, Human Resources Director, Human Resources Department, (510) 981-6800

Attachments:

1: Resolution

Exhibit A: BCFOA MERP Side Letter Agreement

RESOLUTION NO. ##,###-N.S.

BERKELEY CHIEF FIRE OFFICERS ASSOCIATION MERP SIDE LETTER
AGREEMENT

WHEREAS, the City of Berkeley and the Berkeley Chief Fire Officers Association (BCFOA) negotiated and reached agreement on a side letter concerning the disposition of eligible unused sick leave conversion value for employees hired before June 30, 2014; and

WHEREAS, the side letter does not increase the amount, percentage, or value of the unused sick leave benefit conversion and is therefore cost neutral to the City; and

WHEREAS, the side letter permits eligible employees to direct the existing conversion value to authorized retirement-related destinations, including a City deferred compensation plan, a 401(a) supplemental retirement plan, CalPERS service credit, the City's SRIP II plan, or an employee's Medical Expense Reimbursement Plan (MERP) retiree medical account; and

NOW THEREFORE BE IT RESOLVED that the City Manager, Human Resources Director, and their designees are authorized to take the administrative actions necessary to implement the agreement in accordance with its terms.

Exhibit A

BCFOA MERP Side Letter Agreement



Human Resources Department

Levon Thaxton II
President, Berkeley Chief Fire Officers Association

Re: Side Letter – Sections 3.5.5, 4.2.6.10 thru 4.2.6.13

Mr. Thaxton:

This letter of understanding is to confirm the agreement reached between the City of Berkeley (the “City”) and Service Berkeley Chief Fire Officers Association, (the “Union”), regarding the above referenced matter.

The agreement is as follows:

1. Members of BCFOA who remain eligible to utilize unused sick leave hours upon termination shall forgo the option to cash out and will be allowed to transfer this credit to their Trust account. There is no financial impact to the City as a result of this side-letter.

Thus, the MOU will be modified as follows:

3.5.5 Accrued Sick Leave Cancelled Upon Termination

For employees hired after June 30, 2014, all accumulated sick leave shall be canceled when an employee terminates or is terminated, except for purposes of converting sick leave to service credit as defined by the City’s contract with CalPERS. ~~All accumulated sick leave shall be canceled when an employee terminates or is terminated.~~

Sick Leave Payment at Retirement or Termination for Employees Hired on or Before June 30, 2014: ~~All~~ For employees hired on or before June 30, 2014 all accumulated sick leave shall be canceled when an employee terminates or is terminated, except for employees that retire (non-disability) or voluntarily terminate with twenty (20) years of service, or retires on permanent disability arising out of and incurred in the course and scope of their employment with the City, pursuant to terms set forth in Section 4.2.6.11 30.1-6, shall be entitled to apply- any portion of the value defined by the table below of the sick leave accrual to any portion of the value of the sick leave accrual to a the City of Berkeley Deferred Compensation Plan up to allowable IRS limits, the City of Berkeley 401(a) Supplemental Retirement Plan, the City of Berkeley SRIP II Plan, apply accrued sick leave hours to service credit in accordance with the City’s agreement with CalPERS, or absent such election, the City shall implement the sick leave transfer to the employee’s Medical Trust account - receive payment at retirement or termination of unused sick leave days, based on the following schedule:

Number of Unused Sick Leave Days	Percentage Payout
0-74 Days	38%

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Re: BCFOA Side Letter

75-99 Days	41%
100-124 Days	44%
125-149 Days	47%
150 and over	50%

This ~~pay-out~~ schedule shall also apply to any employee retiring on permanent disability arising out of and incurred in the course and scope of his or her employment with the City. Employees hired on or after July 1, 2014 shall not be eligible for payment of any unused sick leave days.

4.2.6.10 Inclusion/Modification of Employee Contribution and Leave Amounts: The City and the Union agree that the Union has the right, subject to approval of its members according to the Union's internal rules, to prospectively include and/or modify the amount of the mandatory employee monthly contribution provided the amount of the total recurring contribution meets the plan minimum set forth by the Trust (currently seventy-five dollars (\$75) per month) ~~or to include a mandatory employee leave contribution during the course of this Agreement, so long as the modification is mandatory for all employees of the Defined Class.~~

4.2.6.11 Sick Leave Transfer at Retirement: For every employee in the Defined Class, hired on or before June 30, 2014 that retires (non-disability) or voluntarily terminates with twenty (20) years of service, or retires on permanent disability arising out of and incurred in the course and scope of their employment with the City, the City shall, upon the employee's retirement from the City, irrevocably contribute to the employee's Trust account on a pre-tax basis, an amount equal in value to one-hundred percent (100%) of the payments that would otherwise be paid to or on behalf of the employee for unused sick leave.

4.2.6.12~~1~~ The employee, by written election received by the City no later than ninety (90) days prior to separation, may elect to apply any portion of the value of the sick leave accrual pursuant to terms set forth in this section, to the City of Berkeley Deferred Compensation Plan up to allowable IRS limits, the City of Berkeley 401(a) Supplemental Retirement Plan, the City of Berkeley SRIP II Plan, or apply accrued sick leave hours to service credit in accordance with the City's agreement with CalPERS. Absent such election, the City shall implement the sick leave transfer to the employee's Medical Trust account as set forth above.

4.2.6.13 No employee in the Defined Class shall have the option to receive a cash payout for the value of the accrued sick leave in lieu of making contributions to the Trust, deferred compensation plan, or CalPERS service credit.

4.2.6.14~~3~~ New employees, hired on or after July 1, 2024, shall contribute \$75.00 per month to the employee's IAFF RMT and after completing five (5) continuous years of service, the City shall contribute an additional \$225.00 per month to the employee's IAFF RMT account until they have separated from city service. New employees hired on or after July 1, 2024 shall not be eligible to receive the benefits described in Sections 4.2.6.1, 4.2.6.2, and 4.2.6.3.

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Re: BCFOA Side Letter

This Agreement does not establish a precedent, nor does it interpret any employee rights under the language of the Labor Agreements, the Personnel Rules and Regulations, or any applicable policies and procedures of the fire departments or the City of Berkeley, except as expressly stated herein.

This Agreement memorializes and constitutes the entire understanding between the parties as to all matters referred to or included herein and supersedes and replaces all prior negotiations, proposed discussion, whether written or oral.

If this is your understanding of the agreement reached, please sign as indicated below.

Sincerely,

Janelle Rodrigues
Human Resources Director

WHEREFORE, the parties by and through their authorized agents and representatives agree to the terms of this Side Letter Agreement.

AGREED TO FOR THE CITY:

AGREED TO FOR THE UNION:

Paul Buddenhagen
City Manager

Levon Thaxton II
President, BCFOA

APPROVED AS TO FORM:

Farimah Faiz Brown
City Attorney