

**Letter of Agreement  
Between  
CITY OF TACOMA  
And  
DISTRICT LODGE #160  
ON BEHALF OF LOCAL LODGE #282 OF THE IAM AND AW  
WWTP MAINTENANCE SUPERVISORS UNIT**

**Effective Date: \_\_\_\_\_, 2023**

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**Subject: HEALTH REIMBURSEMENT ARRANGEMENT - VEBA**

The City of Tacoma (City) and District Lodge #160 on behalf of Local Lodge #282 of the IAM and AW, Wastewater Treatment Plant Maintenance Supervisors (Union or District 160 WWTP Maint. Sups.) (collectively, the Parties), enter into this Letter of Agreement (LOA). The Parties agree to the following terms.

**Agreement**

The Parties hereby agree to a new Article 19 to be added to the current 2020-2023 Collective Bargaining Agreement titled "Health Reimbursement Arrangement (HRA):"

**ARTICLE 19 – HEALTH REIMBURSEMENT ARRANGEMENT (HRA)**

**A. Voluntary Employees' Beneficiary Association (VEBA)**

Section 1. Sick Leave Cash Out At Retirement. Upon separation from service due to retirement or death, an employee who meets the criteria outlined in TMC Section 1.12.229 will receive a deposit of the value of a portion of unused sick leave accruals to a VEBA account on behalf of the employee. The Union may elect which portion of sick leave cash outs shall be deposited into a VEBA account for eligible employees. The deposit amount shall be a sum equal to zero percent (0%), fifty percent (50%), or one hundred percent (100%) of the sick leave cash outs for all eligible employees at the time of separation. This contribution shall be deducted from the cash payment of the value of eligible Sick Leave accruals due to an employee upon retirement as set forth in Tacoma Municipal Code (TMC) 1.12.230.D.

Section 2. PTO Cash Out At Retirement. Upon separation from service due to retirement or death, an employee who meets the criteria outlined in TMC Section 1.12.229 will receive a deposit of the value of a portion of unused PTO accruals to a VEBA account on behalf of the employee. The Union may elect which portion of PTO cash outs shall be deposited into a VEBA account for eligible employees. The deposit amount shall be a sum equal to zero percent (0%), fifty percent (50%), or one hundred percent (100%) of the PTO cash outs for all eligible employees at the time of separation. This contribution shall be deducted from the cash payment of eligible PTO accruals due to an employee upon retirement as set forth in TMC Section 1.12.248.D.

Section 3. Vacation Cash Out At Retirement. Upon separation from service due to retirement or death, an employee who meets the criteria outlined in TMC Section 1.12.229 will receive a deposit of the value of a portion of unused vacation leave accruals to a VEBA account on behalf of the employee. The Union may elect which portion of vacation leave cash outs shall be deposited into a VEBA account for eligible employees. The deposit amount shall be a sum equal to zero percent (0%), fifty percent (50%), or one hundred percent (100%) of the vacation leave cash outs for all eligible employees at the time of separation. This contribution shall be deducted from the cash payment of eligible Vacation accruals due to an employee upon retirement set forth in TMC Section 1.12.200.C.

Section 4. Amendment of Cash Out Portions. The percentages of the VEBA contributions referenced in Sections 1, 2, and 3, above, may be adjusted by the Union no more than once per year, and with at

least thirty (30) days' written notice to the City's Human Resources Director of any change in the deduction amount.

Section 5. Employee VEBA Contribution Per Paycheck. The City shall deduct fifty dollars (\$50.00) each pay period from the pay of each bargaining unit employee, and will promptly transfer said amount to the employee's VEBA account. The amount of the VEBA contribution referenced in this Section may be adjusted by the Union no more than once per year, and with at least thirty (30) days' written notice to the City's Human Resources Director of any change in the deduction amount.

Section 6. Annual PTO Cash Out to VEBA.

- A. Bargaining unit employees will not be eligible for an annual voluntary PTO cash out per TMC 1.12.248.
- B. In the second pay period of May of each year, beginning in and retroactive to May 2023, each employee having more than 650 hours of PTO accrued will have one hundred percent (100%) of the value of the full amount over 650 hours deposited into the employee's VEBA account. The cash value of the PTO shall be based on the rate for the classification in which the employee holds permanent appointment.

Section 7. All bargaining unit employees covered by this Agreement shall participate in all of the VEBA program as described in this Article. No employee may request, nor will any employee receive, exemption from participation. The Union recognizes the performance of this function as a service by the City. The Union agrees to indemnify and save the City harmless against any liability which may arise by reason of any action taken by the City to comply with the provisions of this Article, including reimbursement for any legal fees or expenses incurred in connection with such action.

The provisions of this LOA shall be effective beginning the first day of the full calendar month after the date of the last signature below following City Council approval. This LOA shall not be used as a precedent with respect to any other contracts for any other divisions or departments of the City nor by other employees represented by this Union or any other Union.

**For District Lodge #160, on behalf of  
Local Lodge #282 of the IAM and AW:**

Beth Bergeon 2/8/2023  
Beth Bergeon Date  
Business Representative

**For the City of Tacoma:**

\_\_\_\_\_  
Elizabeth Pauli Date  
City Manager

\_\_\_\_\_  
Shelby Fritz Date  
Human Resources Director

\_\_\_\_\_  
Dylan Carlson Date  
Labor Relations Division Manager

Approved as to form:

\_\_\_\_\_  
Cheryl Comer Date  
Deputy City Attorney