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TO: **City Council**

FROM: Barbara Martin, Administrative Services Director

RE: Amending the City of Chico and IAFF's Memorandum of Understanding effective July 1, 2021 to June 30, 2027.

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**REPORT IN BRIEF:**

Upon approval, this item updates the City of Chico and the International Association of Fire Fighters ("IAFF") Memorandum of Understanding effective July 1, 2021 to June 30, 2027 with the provisions of the Side Letter Agreement.

**RECOMMENDATION:**

Staff Recommends approval of the IAFF Side Letter Agreement.

**FISCAL IMPACT:**    **Budgeted:** Yes                      **Supplemental Required:** No

Estimated approximately \$4,800 per year General Fund cost.

**DISCUSSION:**

Section 1.10 of the IAFF Memorandum of Understanding provides for a Letter Agreement for Variation of Provisions, which allows the City and Union to vary from strict adherence to the provisions agreed upon in the MOU when it is to the mutual benefit for the City and Union to do so. Additionally, pursuant to the Meet and Confer provisions within Section 2R.72.250 of the Chico Municipal Code, when the meet and confer process is concluded between the City and a recognized employee organization, all agreed-upon matters shall be incorporated in a written memorandum of understanding and signed by the City and bargaining representative. Said memorandum of understanding shall be submitted to the City Council for determination and implementation on matters over which the Council has authority. A memorandum of understanding shall not be binding on the City or recognized employee organization until approved by the City Council.

The Side Letter Agreement is the conclusion of the recent meet-and-confer process and updates the monthly Health Savings Account (HSA) Contribution formula in Exhibit D.II.B to reflect a two-tier contribution rate. As the IRS does not distinguish between Double and Family coverage for HSA purposes, both tiers will receive the same City contribution amount.

Once ratified and approved by the City Council, the agreement will become effective retroactively to January 1, 2026.

**ATTACHMENTS:**

Exhibit A – IAFF Side Letter Agreement

SIDE LETTER AGREEMENT  
BETWEEN CITY OF CHICO AND INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS  
REGARDING HEALTH ACCOUNT CONTRIBUTIONS

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Pursuant to the provisions of the Meyers-Milias-Brown Act ("MMBA") and Subarticle 1.10, entitled "Letter Agreement for Variation of Provisions" of the Memorandum of Understanding between the City of Chico ("City") and International Association of Fire Fighters ("IAFF") effective July 1, 2021 through June 30, 2025 ("2022 MOU-IAFF") and the Side Letter Agreement regarding Contract Reopener extending the term of the 2022 MOU to June 30, 2027, this Side Letter Agreement is entered into on January 20, 2026, between the City and the IAFF ("Side Letter Agreement") as an amendment to the 2022 MOU-IAFF. It is understood and agreed that the specific provisions contained in this Side Letter Agreement shall supersede any previous agreements, whether oral and/or written, regarding the matters contained herein. Except as provided herein, all wages, hours and other terms and conditions of employment presently enjoyed by IAFF in the 2022 MOU-IAFF shall remain in full force and effect.

Therefore, effective January 1, 2026, the City and Union agree to update the Monthly HSA Contribution formula in Exhibit D.II.B. to reflect a two-tier contribution rate as follows:

**Effective January 1, 2026**

**\*\*Monthly HSA City Contribution Formula:** 40% of Max Out of Pocket (Max Out of Pocket amount subject to change and reviewed annually by Human Resources)

Single HSA Contribution:  $40\% \times \$3,400 = \$1,360$  (yearly contribution) / 12 = \$113.33

Double and Family HSA Contribution:  $40\% \times \$6,800 = \$2,720$  (yearly contribution) / 12 = \$226.67

As the IRS does not distinguish between Double and Family coverage for HSA purposes, both tiers will receive the same City contribution amount.

This side letter agreement shall remain in effect until June 30, 2027. Any amendments or modifications to this Side Letter Agreement shall be in writing, signed and dated by both parties. Signed and dated as follows:

For International Association of Fire Fighters:

*Daniel Hart* Jan 12, 2026  
Daniel Hart (Jan 12, 2026 09:11:45 PST)

Daniel Hart, President (Date)

For the City of Chico:

*Barbara Martin* Jan 7, 2026  
Barbara Martin (Jan 7, 2026 16:09:34 PST)

Barbara Martin, (Date)  
Director of Administrative Services

*Mark Sorensen* Jan 12, 2026  
Mark Sorensen (Jan 12, 2026 09:44:36 PST)

Mark Sorensen, City Manager (Date)

Approved As To Form And Content:

*Ryan Jones* Jan 7, 2026

Ryan Jones, City Attorney\*

\*Pursuant to The Charter of the City of  
Chico, Section 906 (D)