

MEMORANDUM OF UNDERSTANDING

Between the City of Sandpoint and the Sandpoint Professional Firefighters Association

Regarding Article 22 – Paid Time Off (PTO) Payout

This Memorandum of Understanding (“MOU”) is entered into by and between the **City of Sandpoint (“City”)** and the **Sandpoint Professional Firefighters Association (“Union”)**, collectively referred to as “the Parties.”

The purpose of this MOU is to amend and clarify **Article 22 – Paid Time Off (PTO) Payout** of the Collective Bargaining Agreement (CBA) currently in effect between the Parties.

Except as modified by this MOU, all provisions of the Collective Bargaining Agreement shall remain in full force and effect.

1. Amendment to Article 22 – PTO Payout

The Parties agree that Article 22, PTO Payout, shall be amended to include the following language:

B. Separation from Service (Non-Retirement)

Upon separation from service for any reason **other than retirement**, PTO payouts may be made in the form of direct compensation to the employee **or contribution as an elective deferral (subject to FICA tax)** into the employee’s:

- Health Savings Account (HSA)
- 457 Deferred Compensation Plan
- PERSI Choice Plan
- Medical Expense Reimbursement Plan (MERP)

Such contributions shall be made in accordance with applicable federal and state tax regulations and the governing plan documents for each respective benefit program.

C. Separation from Service Due to Retirement

Upon separation from service due to retirement, **i.e., the employee has reached fifty-five (55) years of age or qualifies under the PERSI Rule of 80**, PTO payouts shall be made in the form of direct compensation to the employee **or employer contribution (subject to FICA tax)** to one or more of the following:

- Health Reimbursement Arrangement (HRA)
- 457 Deferred Compensation Plan

- PERSI Choice Plan
- Medical Expense Reimbursement Plan (MERP)

Such contributions shall be made in accordance with applicable federal and state tax regulations and the governing plan documents for each respective benefit program.

2. Compliance With Applicable Law

All contributions described in this MOU shall be administered in compliance with:

- Internal Revenue Service (IRS) regulations
- Applicable provisions of the Internal Revenue Code
- Plan documents governing the HSA, HRA, 457 Deferred Compensation, PERSI Choice, or MERP programs

Nothing in this MOU shall require the City to administer contributions in a manner inconsistent with federal or state law.

3. Administration

The City's Human Resources Department shall administer PTO payout elections and coordinate contributions with the applicable plan administrators.

Employees shall be responsible for submitting any required election forms prior to separation from service in accordance with administrative procedures established by the City.

4. Non-Precedent

This MOU is intended solely to address the amendment to Article 22 described herein and shall not establish precedent for interpretation of any other provision of the Collective Bargaining Agreement.

5. Term of Agreement

This Memorandum of Understanding shall take effect upon signature by both Parties and shall remain in effect for the duration of the current Collective Bargaining Agreement unless otherwise modified by mutual written agreement.

6. Entire Agreement

This MOU represents the full understanding between the Parties regarding the modification of Article 22 as described herein.

Except as specifically amended, all provisions of the Collective Bargaining Agreement remain unchanged.


7. Signatures

For the **City of Sandpoint**

Authorized City Representative

Date: _____

For the **Professional Firefighters Association of 7B**



TROY BADEAUX

Union Vice President

Date: 25 MAR 2026