ATTACHMENT A

AMENDMENT OF THE 2010-2011 MEMORANDUM OF UNDERSTANDING BETWEEN THE COUNTY OF SAN LUIS OBISPO AND THE ASSOCIATION OF SAN LUIS OBISPO COUNTY DEPUTY SHERIFFS, SWORN LAW ENFORCEMENT UNIT (BARGAINING UNIT 27)

This Amendment is entered into as of June 19, 2012, by and between the County of San Luis Obispo (hereinafter referred to as "the County"), and the Association of San Luis Obispo County Deputy Sheriffs (hereinafter referred to as "ASLOCDS"), Sworn Law Enforcement Unit (BU27). In this Amendment, the term "parties" refers to the County and ASLOCDS.

The parties agree that they have met and conferred in good faith over the terms described herein. This Amendment reflects the parties' agreement to include a second lower tier retirement plan for employees represented by the Sworn Law Enforcement Unit (BU27), hired on or after June 24, 2012 (shown as "Exhibit A").

The parties agree that pursuant to Article 39, Full Understanding, Modification, Waiver of the 2010-2011 Sworn Law Enforcement Unit (BU27) Memorandum of Understanding (MOU), Article 2, TERM, Article 6, SALARIES, Article 7, RETIREMENT CONTRIBUTIONS, and Article 9, RETIREMENT are hereby amended to read as follows:

2. TERM

The County and the Association agree that the term of this Agreement commences on January 1, 2012, and expires and is otherwise fully terminated on December 31, 2014.

6. SALARIES

6.1 Salary Ranges

BU	Class	Title	Current Range	$ Per Month
BU27	338	Deputy Sheriff	3514	$6,091 – $7,405
BU27	340	Sheriff's Senior Deputy	3877	$6,720 – $8,169

6.1.1 There shall be no salary range increases for the duration of this Agreement. The parties agree that the compensation provided for herein satisfy the requirements of San Luis Obispo County Code section 2.48.180 (Prevailing Wage) and represent the required Prevailing Wage determinations for the term of this Memorandum of Understanding.

6.2 Prior Survey/Formula Approach

6.2.1 The following counties were identified in a 2010 wage comparison survey pursuant to a wage formula then utilized: Santa Barbara, Monterey, Santa Cruz, Marin, and Napa.

6.2.2 The 2010 survey utilized the following data points, with Deputy Sheriff serving as the benchmark class:

6.2.2.1 The following subjects were considered "change items" for survey:

- Salary (top step of the range)
- Employer "pick-up" of retirement
- Employer "pick-up" of social security
- Employer insurance contributions
- Uniform allowance
- Education incentive

6.2.2.2 The following subjects were excluded in the 2010 survey:

- Paid leave
- Employer cost of social security
- Employer cost of retirement
- Employer cost of unemployment insurance
- Employer cost of workers' compensation

6.2.3 The salary ranges specified above were arrived at by operation of a formula previously specified at MOU section 6.1.2.4. Such formula is hereby superseded.

6.3 Survey Approach Established by this MOU for Purposes of Successor Negotiations

6.3.1 Bargaining unit members' salaries for the time period following December 31, 2014 shall be determined through successor agreement negotiations. The wage formula utilized through 2010 shall no longer be operative.

6.3.2 Commencing no later than January 15, 2014, the parties shall convene a pre-negotiations process to identify "comparable" employers for survey and to review the data points ("change items") listed above. At the request of either party, employers and data points additional to the five Counties and "change items" listed above shall be surveyed. The County shall conduct a compensation study encompassing all identified employers and data points. The classification of Deputy Sheriff shall be utilized as the internal benchmark.

6.3.3 The jurisdictions and data points identified in section 6.2 shall represent the status quo for analyzing comparable compensation. The results shall be used as an informational basis for negotiating compensation. Wages paid as of January 2014 shall be the basis for comparison and any scheduled increases for any surveyed employer for any succeeding year(s) shall also be included for purposes of assessing comparable wage rates applicable after the first year of the new MOU. The County shall provide to

ASLOCDS forthwith the results of its survey, including a chart showing the standing of the ASLOCDS bargaining units based on the County's selected comparable employers and including its justification for any proposed changes from the status quo. The County will also include a chart showing bargaining unit standing based on the five Counties referenced in sub-section 6.2 above. The parties will then review, discuss and attempt to agree upon the appropriate list of comparable employers and data points in order to guide successor negotiations for the successor MOU. The survey information developed by the parties shall be used for informational purposes in negotiations. Each party reserves its right to present such comparability data as it deems appropriate in any post-impasse process required by law or agreed to by the parties.

7. RETIREMENT CONTRIBUTIONS

7.1 Employee Contributions and County Contributions (Appropriations)

7.1.1 The County agrees to continue to "pick-up" a portion of the safety employee's contribution to the County's Pension Trust Plan by a plan whereby the County will pay seven percent (7%) of pensionable wages.

7.1.2 Effective the pay period beginning March 7, 2010 through December 11, 2010, the parties agreed to a 3.43% employee pension contribution rate increase with a corresponding decrease of 3.43% in the County appropriation rate to the Pension Trust. Effective the pay period beginning December 12, 2010 and thereafter, the employee pension contribution rate increase of 3.43% was adjusted to 2.98% as the ongoing employee pension contribution rate. Effective the pay period beginning December 12, 2010, and thereafter, the County appropriation rate decreased from 3.43% to 2.98% as the ongoing decrease to the County appropriation rate. These rate adjustments were reflected in Retirement Plan Appendix B.S.27.S. This satisfied the employee obligation for pension sharing for the 2007 and 2010 pension cost rate increases.

7.1.3 The amounts paid by the County referenced in 7.1.1 are for a portion of the unit member's contributions and are paid by the County to partially satisfy the employee's obligation to contribute to the County Pension Trust.

7.1.4 In 2012 and subsequent years, any pension rate increase determined by the Pension Trust Board shall be shared between the parties 50/50. Hereafter, the phrase, "any pension rate increase" refers to any pension rate increase determined by the Pension Trust Board.

7.1.4.1 For any pension rate increase implemented during the 2012 calendar year only, unit members' fifty percent (50%) share shall not exceed one percent (1%). Assuming ratification of this Agreement on or before July 1, 2012, the County will not seek retroactivity for any 2012 pension rate increase.

7.1.4.2 For any pension rate increase implemented during the 2013 calendar year only, unit members' fifty percent (50%) share shall not exceed two percent (2%).

7.1.4.3 For any pension rate increase implemented during the 2014 calendar year only, unit members' fifty percent (50%) share shall not exceed two percent (2%).

7.1.5 It is understood and agreed that the principal motivation of the parties in providing for the County's partial "pick-up" of employee retirement contributions as provided in 7.1.1 above is to accommodate the desire of the Association to achieve its expectations for more favorable tax consequences under the approach contained in this Agreement than would be available to its members under the simpler method of deducting employee contributions for these benefits from the taxable wages or salaries of unit members.

7.1.6 Unit members shall have no option to receive the contributed amounts directly instead of having these paid by the County to the Pension Trust on behalf of the unit members.

7.1.7 The parties agree that the County's "pick-up" of employees' Pension Trust contributions is based on County of San Luis Obispo Employees' Retirement Plan section 5.03 and the tax treatment permitted by California and Federal law including state statutes and regulations and federal statutes, regulations, and revenue rulings. It is understood that these laws may be altered by the law making bodies and agencies and such a contingency is beyond the control of the parties.

7.1.8 Association shall defend, indemnify and save harmless the County of San Luis Obispo, its officers, agents and employees from any and all claims, demands, damages, costs, expenses, or liability, including, but not limited to, liability for back taxes, and all claims of any type by the Internal Revenue Service, the California Franchise Tax Board, unit members, or their heirs, successors, or assigns arising out of this Agreement to partially pay the employees' contribution to the County Pension Trust.

9. RETIREMENT

9.1 Reciprocal Benefits

9.1.1 The San Luis Obispo County Employees' Retirement Plan will continue to provide for reciprocal benefit treatment with P.E.R.S., P.E.R.S. contract agencies, and County 37 Act Retirement Systems, provided, however, that any Plan amendments which may be necessary to maintain that status shall require approval of both parties.

9.2 Pension Formula

9.2.1 A pension enhancement of 3% @ 50, Single Highest Year, with a 90% benefit cap, was established effective December 31, 2006, for all of the sworn Law Enforcement and supervisory sworn law enforcement unit employees.

9.2.1.1 Parties have agreed to a 50/50 sharing of the costs of this enhancement through increases in employer and employee rates. The employee rate is factored to take into consideration the portability of employee contributions.

9.2.1.2 Parties have agreed to a 50/50 sharing of the costs of Unfunded Accrued Actuarial Liability (UAAL) through increases in employer and employee rates. The employee rate is factored to take into consideration the portability of employee contributions.

9.2.1.3 Retirement offset for Social Security disability was eliminated for any person employed by the County on or after May 24, 2005.

9.3 Deferred Retirement Option Plan (DROP)

9.3.1 Parties agree that all applicable County ordinances and Pension Trust By-laws will be amended to allow the negotiated participation of ASLOCDS represented units as soon as administratively possible, into the Pension Trust Deferred Retirement Option Plan (DROP) for members of the Pension Trust. It is understood that all provisions of the DROP program must conform to applicable laws. Modifications to the DROP program may be necessary to assure compliance with those laws. If modifications are necessary, the County shall notify ASLOCDS. Modifications required to conform to applicable laws shall supersede any conflicting provisions in this section. Guidelines for the DROP plan have already been established and will be modified by the County to allow for participation by members of ASLOCDS represented units. The DROP plan would provide employees who are eligible for retirement to continue to work for the County after entering into Deferred Retirement status during which the employee's retirement allowance will be paid into a DROP plan account. An employee enrolled into the DROP plan retains all rights, privileges and benefits of being an active County employee, except as specifically modified in a DROP Plan Document. The employee enrolled in the DROP plan continues to be eligible for the active employee Cafeteria 125 Plan benefits and is not eligible for retiree health benefits. Under the DROP plan, the employee's individual monthly service retirement allowance, along with agreed upon employee contributions and other supplemental benefits and adjustments will be deposited into an account maintained for the employee under the provisions of the DROP plan. The employee's Pension Trust Service Retirement Allowance shall be calculated on the date that the employee enters the DROP plan and is not recalculated at the time the employee actually terminates permanent employment with the County.

9.3.2 Upon entering the DROP plan, the employee's and the employer's contributions to the Pension Trust cease being paid to the Pension Trust. Upon entering the DROP plan, the employee shall be permitted to contribute to the employee's DROP plan account an amount up to and equivalent to that which would be considered the employee's normal Pension Trust contribution. Employee contributions to the DROP plan shall be made on a pre-tax basis, pursuant to all applicable laws. These monies are deposited into the DROP plan account and are distributed to the DROP plan participant upon termination of permanent employment with the County or the expiration of the

DROP plan period, whichever occurs first. A member may enroll in the DROP plan for a period not to exceed 5 years.

9.3.3 ASLOCDS shall defend, indemnify and save harmless the County of San Luis Obispo and the Pension Trust, its officers, agents and employees from any and all claims, demands, damages, costs, expenses, or liability, including, but not limited to, liability for back taxes, and all claims of any type by the Internal Revenue Service, the California Franchise Tax Board, unit members, or their heirs, successors, or assigns, arising out of this Agreement to implement the Deferred Retirement Option Plan (DROP).

9.3.4 Parties agree to amend the San Luis Obispo County Pension Trust Plan to allow for the purchase of Military Service Credit. Such purchase shall be allowed at employee expense and at zero County cost.

9.4 Second Tier Pension

9.4.1 Effective as soon as administratively feasible and upon approval of the Pension Trust Plan amendment, the County and ASLOCDS, BU 27 and BU 28, agree to implement second-tier retirement plans for employees hired on or after June 24, 2012. The plan shall include the following major benefit provisions:

9.4.1.1 Retirement formula 3% at 55

9.4.1.2 90% benefit cap (90% of final compensation)

9.4.1.3 2% COLA, no carryover

9.4.1.4 No deferred retirement option plan (DROP)

9.4.1.5 Three-year average final compensation

9.4.2 The parties shall share 50/50 the cost of any pension rate increases as adopted by the Pension Trust Board after receipt of actuarial data.

IN WITNESS WHEREOF the parties hereto have executed this Amendment as dated above.

SIGNATURES:

For the County:

Tami Douglas-Schatz
Human Resources Director

Dated: 6/12/2012

For ASLOCDS

Neil Clayton
ASLOCDS President

Dated: 6/12/2012

APPROVED AS TO FORM AND LEGAL EFFECT:

WARREN R. JENSEN
County Counsel

By: Rita L. Neal
Assistant County Counsel

Dated: 6/13/2012