

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Human Resources	(2) MEETING DATE 2/11/2014	(3) CONTACT/PHONE Tami Douglas-Schatz (805) 781-5959	
(4) SUBJECT Submittal of two resolutions approving 1) the July 1, 2013 – June 30, 2015 Memoranda of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Probation Peace Officers Association (SLOCPPOA), Probation Unit (BU 31) and Probation Supervisory Unit (BU 32); and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices. All Districts			
(5) RECOMMENDED ACTION It is recommended that the Board adopt two (2) resolutions approving 1) the July 1, 2013 – June 30, 2015 Memoranda of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Probation Peace Officers Association (SLOCPPOA), Probation Unit (BU 31) and Probation Supervisory Unit (BU 32); and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.			
(6) FUNDING SOURCE(S) General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$160,000.00	(8) ANNUAL FINANCIAL IMPACT \$392,400.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input type="checkbox"/> Board Business (Time Est. ____ )			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A    Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW  Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts -			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Tami Douglas-Schatz, Human Resources Director  
(805) 781-5959

DATE: 2/11/2014

SUBJECT: Submittal of two resolutions approving 1) the July 1, 2013 – June 30, 2015 Memoranda of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Probation Peace Officers Association (SLOCPPOA), Probation Unit (BU 31) and Probation Supervisory Unit (BU 32); and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices. All Districts.

## **RECOMMENDATION**

It is recommended that the Board adopt two resolutions approving 1) the July 1, 2013 – June 30, 2015 Memoranda of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Probation Peace Officers Association (SLOCPPOA), Probation Unit (BU 31) and Probation Supervisory Unit (BU 32); and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.

## **DISCUSSION**

The San Luis Obispo County Probation Peace Officers' Association (SLOCPPOA), Bargaining Units 31 and 32, represents a total of 98 positions. SLOCPPOA is the exclusive bargaining organization for the job classifications of Deputy Probation Officer (DPO) I, II, and III; and Juvenile Services Officer (JSO) I, II, and III in Bargaining Unit 31 and the Supervisory classification of Supervising Deputy Probation Officer in Bargaining Unit 32.

### **Background**

Prior to 2010, negotiated Memoranda of Understanding (MOU) with all employee organizations, including the San Luis Obispo County Probation Peace Officers' Association (SLOCPPOA), contained formulaic approaches to wage setting resulting in automatic wage increases. This contractual formulaic approach obligated the County to provide increases regardless of the state of the economy at the time of the increase. The prior SLOCPPOA MOU utilized a total average compensation formula driven by five survey agencies (California Counties) and specific data points.

In 2010 and per the contractual obligation of the SLOCPPOA MOU at that time, the County conducted a salary survey in accordance with the formulaic criteria as it was set out in the MOU. The results of the survey reflected that a 9.32% compensation increase was owed to unit members which the County was contractually obligated to provide. However, during the 2010-2011 negotiations with SLOCPPOA, in recognition of the economic downturn and the County's significant budget gap, the Probation unit members made significant concessions and relinquished the 9.32% compensation increase in its entirety in exchange for an extension to their existing 2007 – 2010 MOU. Additionally, SLOCPPOA agreed that no annual review of compensation would be conducted for the ensuing year. SLOCPPOA was the only employee organization that made these wage and market survey concessions without requiring the County to provide an alternate means of providing the contractually obligated compensation increase.

On October 24, 2011, in exchange for no wage increases and the elimination of the contractual formulaic wage setting method, the SLOCPPOA MOU was extended for another year (through June 30, 2013). It should be noted that while SLOCPPOA waived the 9.32% wage increase in 2010 and agreed to no wage increase in 2011, the SLOCPPOA unit members have contributed 50/50 to pension rate increases since 2007.

As a result of SLOCPPOA foregoing the 9.32% wage increase in 2010, the County has realized a cost avoidance of approximately \$3.34 million in payroll costs to date which helped offset the County's multi-million dollar budget gap of 2010. This action is recognized as a significant concession from the unit members.

Consistent with the Board's 2010 "Three Point Plan" regarding labor relations strategy, and in compliance with the County's Prevailing Wage Ordinance, the County has included in the attached MOUs, an expanded market of comparators for wage negotiation discussions. These comparator survey agencies now include 7 additional County comparators as well as private industry agencies as the basis for wage negotiations.

#### New MOU terms

Consistent with the terms of the contract, on February 7, 2013 the County notified SLOCPPOA of its intent to meet and negotiate successor contracts that were due to expire on June 30, 2013. The parties entered into negotiations on April 18, 2013 to negotiate changes to terms and conditions of employment. After nine (9) negotiation sessions, including an impasse meeting, the parties were able to reach a tentative agreement for new Memoranda of Understanding (MOU).

Unless otherwise specified the effective date of all provisions below will be the pay period following Board approval. The details of the MOUs are as follows:

#### **Term:**

- The SLOCPPOA MOUs are effective July 1, 2013 and will fully terminate on June 30, 2015

#### **Wage Provisions:**

- A 2% wage increase for classifications in BU 31 and BU 32
- A 2% wage increase for classifications in BU 31 and BU 32, effective the pay period that includes July 1, 2014.
- DPO I Equity Adjustment: Effective the pay period that includes July 1, 2014, only the DPO I classification shall be increased by 8.10%. After review of internal alignment and business operation needs, this increase will bring the DPO I classification into structural alignment with the JSO series and DPO II classification.

It should be noted that these proposed wage increases are consistent with the recent compensation approach for maintaining parity with the expanded market.

#### **Pension Provisions:**

- The pension contribution rate for employees in the SLOCPPOA bargaining units shall increase by 0.49% representing a 50/50 cost sharing. The County's appropriation rate shall also increase by 0.50%.
  - Appendix C – Probation Members Contribution Rates reflect the new County appropriation rate and the new Tier 1 member contributions rates.
- New language added describing compliance with the California Public Employees' Pension Reform Act of 2013 (PEPRA), known as Tier 3 for all County bargaining units.
- An ongoing 50/50 employer/employee pension split for any pension rate increases for Tier 1 and Tier 3
  - For FY2014-15 only, Tier 1 and Tier 3 unit members' 50% share of any pension increases shall not exceed 3%.

#### **Health Coverage – Cafeteria:**

- County's Cafeteria Allowance shall increase by \$25 per month.
- Commencing the pay period including July 1, 2014, the County's Cafeteria Allowance shall increase by an additional \$25 per month.

#### **"Opt-Out" Provisions – Cafeteria**

- Employees not enrolled in a County medical insurance plan (opt out):
  - Effective 1/1/15 (or when agreed to by all employee organizations), SLOCPPOA members will no longer receive the cafeteria cash out option when an employee elects to opt out of a County-sponsored medical plan.

**Shift Differential – DPOs:**

- DPOs and Supervising DPOs shall receive a 5% hourly shift differential for all hours worked on Saturdays and Sundays. No other shift differentials shall be paid to DPOs and Supervising DPOs.

**Uniform Allowance:**

- Unit members shall receive a one-time payment of \$350.00 for initial uniform purchases and \$45 per month thereafter as uniform maintenance allowance.

**Agency Shop:**

- Implementation of an Agency Shop for SLOPPOA unit members.

**OTHER AGENCY INVOLVEMENT/IMPACT**

Representatives from the Administrative Office and the Pension Trust participated in the development of the employees' retirement plan appendices. County Counsel has reviewed and approved the Resolutions and MOUs for legal form and effect. The Auditor's Office and Human Resources will process the system changes needed to implement these changes.

**FINANCIAL CONSIDERATIONS**

**Wage Adjustments:** The 2% wage increase effective the pay period after Board approval will increase the County's costs by approximately \$78,000 for FY2013-14. The additional 2% wage increase effective the pay period including July 1, 2014 will increase the County's costs by approximately \$202,000 for FY2014-15. Total County costs shall increase by approximately \$280,000 for the term of the MOU.

**DPO I Equity Adjustment:** Once the DPO I classification is updated to reflect an 8.1% increase in pay range, each DPO I position will also increase by 8.1%. Each DPO I position results in additional County costs of approximately \$6,600. Currently, there are 10 filled DPO I positions, increasing County costs by approximately \$66,000 for FY2014-15.

**Cafeteria Allowance:** Cafeteria Allowance increase of \$25 per month commencing the pay period following Board approval will increase County costs by approximately \$11,000 for FY2013-14. The additional Cafeteria Allowance increase of \$25 per month commencing the pay period that includes July 1, 2014 will increase County costs by approximately \$30,000 for FY2014-15. Total County costs shall increase by approximately \$41,000 for the term of the MOU.

**Pension Rate Increases:**

Each year, an actuarial valuation is conducted by the San Luis Obispo County Pension Trust ("Trust") as a measure of the funding status of the Trust. Based on the 2012 report, it was determined that an increased rate of contribution was needed to appropriately fund the Trust. This rate increase will be effective the pay period following Board of Supervisors' approval of the Agreement. Based on this implementation date, the total rate increase for all SLOCPPOA employees is 0.99%.

As agreed to by the parties and included in the SLOCPPOA MOU attached hereto, the SLOCPPOA employees and the County will equally split the pension rate increase. By splitting the 0.99% pension rate increase (half of which is approximately 0.50%), for FY2013-14, total County costs will increase by approximately \$12,000. For FY2014-15, the County's costs will increase by \$31,000. Total County costs shall increase by approximately \$43,000 for the term of the MOU.

**Shift Differential – Deputy Probation Officers:** Based on weekend hours paid to DPOs and Supervising DPOs in FY2012-13, a 5% shift differential increases County costs by approximately \$4,000 for FY2013-14. For FY2014-15, it is estimated that County costs will increase by approximately \$10,400. No other shift differential shall be paid to the DPOs and Supervising DPOs for the term of these Agreements.

**Uniform Allowance:** Unit members shall receive a one-time payment of \$350.00 for initial uniform purchases. This will be a one-time County cost of \$35,000 for FY2013-14. Thereafter, unit members shall receive a uniform allowance in the amount of \$45.00 per month for uniform maintenance. For FY2013-14, County costs will increase by \$20,000. For FY2014-15, County costs will increase by approximately \$53,000. Total County costs shall increase by approximately \$108,000 for the term of the MOU.

Total County costs for the term of these Agreements for the wage increases, DPO I equity adjustment, cafeteria increases, pension rate increase, DPO shift differential, and uniform allowance are approximately \$552,400 which equates to an approximate 5.47% of total payroll. For FY 2013-14, total County costs are approximately \$160,000. Total annual County costs are approximately \$392,400. Pursuant to Board direction, the Probation Department will absorb the increased County costs associated with these MOUs.

## **RESULTS**

Approval of these Resolutions will establish new contract terms for the SLOCPPOA bargaining units. The terms and conditions outlined in the MOUs are consistent with the Board's direction to stabilize the County's overall budget and share in pension rate increases. The new MOUs also contribute to a results-oriented, well-governed community.

## **ATTACHMENTS**

1. Resolution - SLOCPPOA Probation Unit (BU 31)
2. Resolution - SLOCPPOA Probation Supervisory Unit (BU 32)
3. Appendix C - Probation Members Contribution Rates
4. Attachment A - SLOCPPOA Probation Unit MOU (BU 31)
5. Attachment B - SLOCPPOA Probation Supervisory Unit MOU (BU 32)