

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

(1) DEPARTMENT Human Resources	(2) MEETING DATE 11/25/2014	(3) CONTACT/PHONE Tami Douglas-Schatz, Human Resources Director 781-5959	
(4) SUBJECT Submittal of a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, BU 10; General Management Law Enforcement, BU 16 approving an increase in compensation for FY 2014-15 and FY 2015-16. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board adopt a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, BU 10; General Management Law Enforcement, BU 16 approving an increase in compensation for FY 2014-15 and FY 2015-16.			
(6) FUNDING SOURCE(S) General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$1,195,596.00	(8) ANNUAL FINANCIAL IMPACT \$2,372,054.00	(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 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  
781-5959

DATE: 11/25/2014

SUBJECT: Submittal of a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, BU 10; General Management Law Enforcement, BU 16 approving an increase in compensation for FY 2014-15 and FY 2015-16. All Districts.

## **RECOMMENDATION**

It is recommended that the Board adopt a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, BU 10; General Management Law Enforcement, BU 16 approving an increase in compensation for FY 2014-15 and FY 2015-16.

## **DISCUSSION**

The County's unrepresented Bargaining Units (BU) are comprised of 358 employees in BU 07, 08, and 11 (Management and Confidential employees), BU 09 (Appointed Department Heads), BU 10 (Elected Officials, excluding Board of Supervisors), and BU 16 (General Management Law Enforcement).

In early 2007, public agencies across the State were faced with the most challenging financial outlook experienced in decades. Although San Luis Obispo County's financial situation at the time was stable, it was necessary to make plans to address the anticipated fiscal challenges. The County adopted a multi-year plan to address the budget crisis and significant impending budget deficits. That plan became known as the County's seven year "pain plan." Through thoughtful strategic planning, the Board provided direction and initiatives to address the significant General Fund deficit which reached its peak in FY 09-10 at \$30 million.

These initiatives affected all employee groups. All employee groups have made wage and benefit concessions which have assisted the County in achieving its fiscal objectives. All groups have deferred negotiated salary increases, with some groups actually eliminating previously negotiated salary increases. All of this occurred while employees faced significant increases in health care costs and shared increases in pension costs with the County.

The unrepresented employees covered by this resolution led the way in concessions and have set an example for other employee groups. This group was:

- the first to forgo regular salary increases during the pain plan years;
- the first to share equally (50/50) with the County in pension cost increases totaling 5.09% since FY 07-08;
- among the first to establish a lower benefit second retirement tier;
- one of the first groups to eliminate the cash in lieu of health insurance for those employees (current and new) who "opt-out" of County sponsored health coverage on or after January 1, 2015;
- the only group not to receive a net compensation increase since FY 07-08.

Health care costs that unrepresented employees have absorbed are listed in the following chart:

Health Care Cost Increases (Most Common Plans)					
		2010 Monthly Premium Rate	2015 Monthly Premium Rate	\$ Difference Rates/month	Premium % Change
Blue Shield Net Value	EE	\$420.59	\$561.09	\$140.50	33.41%
	EE+1	\$841.18	\$1,122.18	\$281.00	33.41%
	EE+2	\$1,093.53	\$1,458.83	\$362.30	33.41%
PERS Choice	EE	\$472.83	\$594.40	\$121.57	25.71%
	EE+1	\$945.66	\$1,188.80	\$243.14	25.71%
	EE+2	\$1,229.36	\$1,545.44	\$316.08	25.71%

The County took a balanced approach in addressing the fiscal shortfalls caused by the recession, such as reducing our contingency and reserves, making program and services reductions, and asking our employee groups for wage and benefit concessions. As we slowly begin to come out of the recession, it is important to apply the same balanced approach to replenish each of these three areas.

In most years prior to the pain plan, unrepresented employees were granted the same compensation increase as those provided to employees represented by the San Luis Obispo County Employees Association (SLOCEA). During the "pain plan" years however, that compensation method was not followed. Unrepresented employees, unlike any other group, experienced a net decrease in compensation for the time period from FY 08-09 to present. Below is a summary chart showing a comparison of net compensation changes for all Bargaining Units. All bargaining units began to share in employee pension increases as a result of actuarial data beginning in 2007. The amounts and timing varied depending on the terms of each individual contract. Attached is a detailed table depicting wage, cafeteria, and pension changes for each fiscal year from 08-09 through 14-15 for all bargaining units.

All Bargaining Unit Wage, Cafeteria and Pension Changes FY 08-09 – FY 14-15 Summary					
	Bargaining Unit (BU)	Total Salary Adjustment <sup>1</sup>	Total Increase to EE Cafeteria	Total EE Pension Contribution Increase	Net Compensation Change
<b>UNREPRESENTED</b> <i>Mgmt., Appointed Dept Heads, Elected Officials (excluding BOS), Confidential</i>	BU07, 08, 09, 10, 11	0.00%	2.55%	2.59%	-0.04%
<b>DCCA</b> <i>Deputy County Counsel Association</i>	BU12	1.55%	2.88%	2.11%	2.32%
<b>SLOGAU</b> <i>San Luis Obispo County Government Attorneys' Union</i>	BU04	1.55%	2.88%	2.11%	2.32%
<b>SLOCEA</b> <i>San Luis Obispo County Employee's Assoc</i>	BU01, 05, 13	3.06%	3.40%	0.85%	5.61%
<b>SLOCEA</b> <i>San Luis Obispo County Employee's Assoc</i>	BU02	2.65%	3.14%	0.31%	5.48%
<b>DAIA</b> <i>District Attorney Investigators' Assoc</i>	BU06	8.15%	6.05%	3.98%	10.22%
<b>SLOCPMPOA</b> <i>San Luis Obispo County Probation Managers' Peace Officers' Assoc Formed 8/24/07 now part of BU08</i>	BU29	11.48%	3.54%	1.61%	13.41%
<b>SLOCSMA</b> <i>San Luis Obispo County Sheriff's Managers Assoc</i>	BU15	9.76%	8.10%	7.39%	10.47%
<b>SLOCPPOA</b> <i>San Luis Obispo County Probation Peace Officers' Assoc</i>	BU31, 32	10.00%	7.71%	1.12%	16.59%
<b>DSA</b> <i>Deputy Sheriff's Assoc</i>	BU03, 14, 21, 22	13.88%	3.98%	3.64%	14.22%
<b>ASLOCDs</b> <i>Assoc of SLO County Deputy Sheriffs</i>	BU27, 28	13.88%	3.98%	3.58%	14.28%

<sup>1</sup> With little exception (see attachment: All Bargaining Unit Wage, Cafeteria, and Pension Changes FY 08-09 – FY 14-15), any significant increases occurred in FY 08-09 and FY 09-10 per existing contracts.

Since April 2014, the County has been in negotiations with SLOCEA (Big Unit and Trades), and to date has been unsuccessful in reaching agreement. The County remains hopeful that a voluntary agreement with SLOCEA can be reached in the very near future. SLOCEA represents approximately 66% of the County workforce.

The County believes that modest increases in employee compensation, consistent with the market, are important for unrepresented employees in light of the concessions they have made. They were part of the solution during the seven year pain plan and continue to model leadership. The County is facing an onslaught of retirements expected to be up to 50% of the workforce over the next five years. It is important that the County be able to recruit and retain qualified employees as part of the succession planning efforts for our next generation of leaders. Accordingly, the attached Resolution provides a general wage increase of 2.3% retroactive to the pay period effective July 1, 2014 and an additional 2.5% general increase effective the pay period including July 1, 2015.

The Resolution provides for additional adjustments for certain jobs the County determines to 1) be significantly under market, 2) have recruitment and retention issues, or 3) have salary compaction issues. These adjustments will be funded through a fixed pool equivalent to 0.3% of payroll for these bargaining units. The additional increases will be brought back to the Board for approval in March of 2015. These adjustments will be driven by a comprehensive salary and benefit survey that has been completed for all employee groups using our new market comparators. The results of this survey will drive the market adjustments for unrepresented employees.

### **OTHER AGENCY INVOLVEMENT**

County Counsel has reviewed and approved the Resolution for legal form and effect. The Auditor's Office and Human Resources will process the system changes needed to implement the wage increases.

### **FINANCIAL CONSIDERATIONS**

Total County costs for FY 2014-15 for compensation increases are approximately \$1,195,596. Total County costs for FY 2015-16 for compensation increases will be approximately \$1,176,458. The County's annual ongoing costs shall increase by approximately \$2,372,054.

### **RESULTS**

Approval of this Resolution follows the County's budget policy of a balanced approach to reintroducing resources back into contingencies and reserves, programs and services, and addresses employee compensation. It will also provide direction for additional market-based adjustments to be made early next year. The recommended adjustments are fair to employees, consistent with what is happening in the market, and are prudent as we begin to grow out of the recession.

### **ATTACHMENTS**

1. All Bargaining Unit Wage, Cafeteria, and Pension Increases FY 08-09 – FY 14-15
2. Resolution
3. Attachment A - Management and Unrepresented Increases