

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

(1) DEPARTMENT Human Resources	(2) MEETING DATE 2/10/2015	(3) CONTACT/PHONE Tami Douglas-Schatz, Human Resources Director 781-5959	
(4) SUBJECT Submittal of a resolution approving: 1) the July 1, 2014 – June 30, 2016 Memorandum of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Employees' Association (SLOCEA) Trades, Crafts, and Services Unit (BU02); 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 a resolution approving: 1) the July 1, 2014 – June 30, 2016 Memorandum of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Employees' Association (SLOCEA) Trades, Crafts, and Services Unit (BU02); and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.			
(6) FUNDING SOURCE(S) Departmental Savings/Contingency and reserves	(7) CURRENT YEAR FINANCIAL IMPACT \$305,828.00	(8) ANNUAL FINANCIAL IMPACT \$698,445.00	(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			
(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: 2/10/2015

SUBJECT: Submittal of a resolution approving: 1) the July 1, 2014 – June 30, 2016 Memorandum of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Employees' Association (SLOCEA) Trades, Crafts, and Services Unit (BU02); and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices. All Districts.

## **RECOMMENDATION**

It is recommended that the Board adopt a resolution approving: 1) the July 1, 2014 – June 30, 2016 Memorandum of Understanding (MOU) between the County of San Luis Obispo and the San Luis Obispo County Employees' Association (SLOCEA) Trades, Crafts, and Services Unit (BU02); and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.

## **DISCUSSION:**

The San Luis Obispo County Employees' Association (SLOCEA) Trades, Crafts, and Services Unit (BU02) is comprised of 167 employees.

Consistent with the terms of the contract to the existing Memoranda of Understanding (MOU), on February 28, 2014, the County notified SLOCEA of its intent to meet and negotiate successor contracts that were due to expire on June 30, 2014. The parties entered into negotiations on April 2, 2014 to negotiate changes to terms and conditions of employment. The parties were able to reach a tentative agreement for a successor Memoranda of Understanding (MOU) on January 13, 2015. Pat McNamara, SLOCEA General Manager, notified the County on January 28, 2015 that the bargaining unit membership had ratified the agreement. The key details of the MOU are as follows:

### **Term:**

- July 1, 2014 through June 30, 2016.

### **Wage Provisions:**

- A 2.3% General Wage Adjustment retroactive to the pay period including July 1, 2014.
- A 2.5% General Wage Adjustment effective the pay period including July 1, 2015.
- An additional wage increase for classifications determined to be more than 5% below market to be effective the pay period including July 1, 2015. These increases are funded through a pool equal to 0.3% of payroll for all classifications.

### **Pension Provisions:**

- Effective February 15, 2015 (the pay period following Board of Supervisors approval of this Resolution), the pension contribution rate for Tier 1 and Tier 2 employees in Bargaining Unit 02 shall increase by 0.48%. The County's appropriation rate will continue at 0.49%.
  - The increase in pension costs commencing the pay period following Board of Supervisors approval of this Resolution for Tier 1 and Tier 2 members shall not apply to Tier 3 members.

- Appendix A – Miscellaneous Members Contribution Rates and Appendix A Tier 2 –Miscellaneous Members Contribution Rates reflect the new County appropriation rate and the new Tier 1 and Tier 2 member contributions rates.
- Unit employees and the County shall equally split (50/50) any future pension contribution increases adopted by the Board of Supervisors. The employee portion of the increase shall not exceed 2% during the term of this agreement. Increases above the 2% will be a subject of negotiations in subsequent years. This 2% shall not include the 0.48% increase referenced above.
- 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.

**Health Coverage – Cafeteria Opt Out Provisions:**

- The cash in lieu of medical insurance option is eliminated for employees hired on or after February 15, 2015 who opt out of a County sponsored medical plan.
- For employees hired before February 15, 2015, the cash in lieu of medical insurance option will be eliminated on January 1, 2016.
- Employees hired before February 15, 2015, who newly elect to opt out of a County sponsored medical plan on or after January 1, 2016, will not receive the cash in lieu of medical insurance.

**Market Wage Surveys**

- The parties agree to meet by 10/1/2015 to discuss and survey parameters.
- Either party may present additional data as they see fit during negotiations.

**OTHER AGENCY INVOLVEMENT:**

Representatives from the Auditor’s Office, Administrative Office and the Pension Trust participated in the development of this MOU. 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 these rate changes.

**FINANCIAL CONSIDERATIONS:**

**General Wage Adjustments:**

The 2.3% general wage adjustment, retroactive to the pay period including July 1, 2014, will increase the County’s costs by approximately \$290,962 for FY2014-15. The 2.5% general wage adjustment effective the pay period including July 1, 2015 will increase the County’s costs by approximately \$324,507. The July 1, 2015 additional out of market adjustment pool of 0.3% of payroll will cost an additional \$38,824, for a total cost of approximately \$363,332 for FY2015-16. The County’s annual ongoing costs for wages shall be approximately \$654,293.

**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 was effective the pay period that includes January 1, 2014. Based on this implementation date, the total rate increase for all SLOCEA BU02 employees (“miscellaneous members”) was 0.97%. Since January 1, 2014 the County has been paying the full 0.97% increase. As agreed to by the parties, SLOCEA will share equally in the cost of the increase and pay 0.48%, while the County will pay 0.49%, effective February 15, 2015. For the remainder of FY2014-15 the County’s pension costs will be approximately \$14,866. The County’s annual ongoing pension costs will be approximately \$44,152.

Total County costs for FY2014-15 for wages and pension are approximately \$305,828. Total annual County costs for wage and pension increases are approximately \$698,445. Departmental savings will be the primary source of funding for unbudgeted expenditures associated with the compensation increases included in the attached MOU. To the extent departmental savings are not available to cover the amount, staff will recommend that your Board authorize a transfer of the deficient amount out of General Fund Contingencies and/or reserves to the departmental operating budgets, as needed, as part of the third quarter report. The third quarter is when many such year-end adjustments are made.

**RESULTS:**

Approval of this Resolution will establish a new two (2) year MOU with the SLOCEA Trades, Crafts, and Services Unit (BU02) effective from July 1, 2014 through June 30, 2016. The terms and conditions outlined in this MOU are consistent with the Board's direction to stabilize the County's overall budget and share in pension rate increases. 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 contributes to a results-oriented, well-governed community.

**ATTACHMENTS**

1. Resolution - SLOCEA Trades, Crafts, and Services Unit (BU02)
2. Attachment A - SLOCEA Trades, Crafts, and Services Unit (BU02) 2014-2016 MOU
3. Appendix A - Miscellaneous Members Contribution Rates
4. Appendix A Tier 2 - Miscellaneous Members Contribution Rates