

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

(1) DEPARTMENT Human Resources	(2) MEETING DATE 8/18/2015	(3) CONTACT/PHONE Tami Douglas-Schatz, Human Resources Director 781-5959	
(4) SUBJECT Submittal of two (2) Resolutions approving the January 1, 2015 – December 31, 2016 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 and Sworn Law Enforcement Supervisory Unit, Bargaining Unit 28. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board adopt two (2) Resolutions approving the January 1, 2015 – December 31, 2016 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, and Sworn Law Enforcement Supervisory Unit, Bargaining Unit 28.			
(6) FUNDING SOURCE(S) Departmental savings and/or unanticipated revenue.	(7) CURRENT YEAR FINANCIAL IMPACT \$1,030,883.00	(8) ANNUAL FINANCIAL IMPACT \$1,349,397.00	(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 type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW 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: 8/18/2015

SUBJECT: Submittal of two (2) Resolutions approving the January 1, 2015 – December 31, 2016 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 and Sworn Law Enforcement Supervisory Unit, Bargaining Unit 28. All Districts.

RECOMMENDATION

It is recommended that the Board adopt two (2) Resolutions approving the January 1, 2015 – December 31, 2016 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, and Sworn Law Enforcement Supervisory Unit, Bargaining Unit 28.

DISCUSSION

The Association of San Luis Obispo County Deputy Sheriffs (ASLOCDS) is comprised of the following bargaining units (BU) and number of employees:

BU27 Sworn Law Enforcement Unit	126 Employees
BU28 Sworn Law Enforcement Supervisory Unit	16 Employees
<u>Total</u>	<u>142 Employees</u>

Consistent with the terms of the existing MOUs, on July 1, 2014, the County notified ASLOCDS of its intent to meet and negotiate successor contracts that were due to expire on December 31, 2014. The parties entered into negotiations on August 26, 2014 to negotiate changes to terms and conditions of employment.

On March 11, 2015, after several negotiation sessions, ASLOCDS declared impasse and requested the items in dispute be brought to fact finding per Assembly Bill 646. The parties selected a fact finder from the Public Employment Relations Board and fact finding was held on June 2, 2015. During fact finding the parties were able to reach a tentative agreement for successor MOUs. The key details of the MOUs are as follows:

Term:

- January 1, 2015 through December 31, 2016.

Wage Provisions:

- A 2.5% general wage adjustment retroactive to the pay period including January 1, 2015.
- A 2.5% general wage adjustment effective the pay period including January 1, 2016.

Market Wage Study:

- The parties shall convene a pre-negotiations process no later than February 15, 2016 to identify “comparable” employers, survey classifications, and salary benefit data to be collected in a market wage survey.

Pension Rate Increases:

- Employees will continue to share equally (50/50) in any pension rate increases as determined by the Pension Trust Board and adopted by the Board of Supervisors after receipt of actuarial data. For the term of the agreement, the employees' share of increases shall not exceed two percent (2%).

Health Coverage – Cafeteria Allowance:

- A Cafeteria Allowance increase of \$125 per month effective July 1, 2015.
- A Cafeteria Allowance increase of \$75 per month effective January 1, 2016.

Health Coverage – Cafeteria Opt Out Provisions:

The County provides employees with a monthly Cafeteria Allowance benefit to offset costs associated with health insurance premiums. Employees have the option to elect health coverage provided by the County or they may choose to waive the County's health insurance coverage ("opt out") with proof of other coverage. Participation in County-sponsored dental and vision is mandatory for all employees.

The ASLOCDS current Cafeteria Allowance benefit is \$700 per month for BU27, and \$775 per month for BU28, which includes \$122 towards the California Public Employees' Retirement System (CalPERS) minimum health premium contribution. Each year, the contribution rate is determined by CalPERS and is required by the County for employees who participate in a County-sponsored health insurance plan. When an employee elects County-sponsored health insurance, the employee receives the full Cafeteria Allowance benefit for their bargaining unit. This Cafeteria Allowance benefit will increase to \$825 per month effective July 1, 2015, and then to \$900 per month effective January 1, 2016 for employees in BU27, and \$900 per month effective July 1, 2015, and then to \$975 per month effective January 1, 2016 for employees BU28. Those employees who opt out currently receive the Cafeteria Allowance benefit less the CalPERS minimum contribution. Effective July 1, 2015, the amount employees receive will be \$703 per month for BU27, and \$778 per month for BU28, and will remain frozen for future years. After mandatory County vision and dental premiums are deducted, the remaining amount is paid in cash to the employee ("cash out").

In 2012, Alliant Employee Benefits (Alliant), the County's insurance broker, assisted the County with a Request for Proposal soliciting alternative health insurance programs for the County's consideration. The County received no responses. Alliant confirmed that the County's high percentage of opt out employees at that time deterred interest from competitor insurance programs. In order to attract interest from competing insurance companies to provide employees with options for alternate health benefits, the County must reduce the high percentage of employees who opt out. The County's goal is to encourage County employees to elect County-sponsored health coverage and eliminate the incentive to opt out that is created by the high dollar cash out amount. This will help enable the County to be more competitive in the insurance market.

The County has been negotiating these changes to the opt out provisions with all employee organizations, and ASLOCDS have agreed to eliminate the cash out for employees who newly elect to opt out of County-sponsored health insurance on or after January 1, 2016. The details of the provisions are as follows:

- The cash in lieu of medical insurance option will be eliminated for employees hired on or after January 1, 2016 who elect to opt out of a County-sponsored medical plan.
- Employees hired before January 1, 2016 who elect to opt out of a County-sponsored medical plan prior to January 1, 2016 will continue to receive the cash in lieu of medical insurance for as long as the employee continually elects to opt out after January 1, 2016.
- Employees hired before January 1, 2016 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.

Voluntary Employee Beneficiary Association (VEBA):

- Employees shall participate in the County's current VEBA (a post-employment health plan). In compliance with County Code Section 2.44.060(i)(2), at the time of separation from County employment, one-half of an employee's unused sick leave balance is converted to a dollar amount based on the employee's current rate of pay. Of the amount, up to a maximum of \$20,000 will be placed into an account for the employee's post-employment health expenses that qualify under the program. Any remaining amount over the \$20,000 will be paid to the employee as taxable income.

Vacation Cash Out:

- Employees shall be permitted to receive pay-in-lieu of up to 40 hours of vacation time per fiscal year, provided the employees have a minimum balance of 200 hours accrued and have utilized a minimum of 40 hours of vacation in the fiscal year.

As part of these contract negotiations, the County conducted a salary survey to determine how employees in ASLOCDS

are paid in comparison to comparable classifications in similar agencies. Based on the results of this survey it was determined that ASLOCDS employees are paid significantly below the market median in total compensation. The wage and Cafeteria Allowance increases detailed above will help bring ASLOCDS employees closer to the median, but the employees will still remain below. Bringing ASLOCDS employees closer to the market median in total compensation will continue to be a part of future negotiations.

The pension sharing provisions and the Cafeteria opt out provisions detailed above are part of the Board of Supervisors labor strategy for employees and the County to share equally in pension rate increases, and to help the County be more competitive in the insurance market and offer alternative and more affordable medical plans to County employees.

OTHER AGENCY INVOLVEMENT/IMPACT

Representatives from the Auditor's Office, Administrative Office, and the Pension Trust participated in the development of these MOUs. County Counsel has reviewed and approved the Resolutions 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 2.5% general wage adjustment, retroactive to the pay period including January 1, 2015, and the 2.5% general wage adjustment, effective the pay period including January 1, 2016, are estimated to increase the County's costs by \$747,297 for Fiscal Year 2015/16. Total County annual ongoing costs for general wage adjustments are estimated to be \$1,000,513.

Cafeteria Allowance Adjustments

The \$125 per month cafeteria allowance increase, retroactive to July 1, 2015, and the \$75 per month cafeteria allowance increase, effective January 1, 2016, are estimated to increase the County's costs by \$170,400 for Fiscal Year 2015/16. Total County annual ongoing costs for cafeteria allowance increases are estimated to be \$234,300.

Vacation Cash Out

The 40 hours annual vacation cash out are estimated to increase the County's costs by \$113,187 for Fiscal Year 2015/16. Total County annual ongoing costs for 40 hours annual cash out are estimated to be \$114,584.

VEBA

There shall be no County costs associated with the VEBA, as the program is fully funded by an individual employee's accrued sick leave balance at the time of separation from County employment.

Total County Costs

Total County costs for the general wage adjustments, cafeteria allowance adjustments, and vacation cash out are estimated to increase County costs by \$1,030,883 for Fiscal Year 2015/16. Total County annual ongoing costs are estimated to be \$1,349,397.

Departmental savings and/or unanticipated revenue will be the primary source of funding for unbudgeted expenditures associated with the compensation increases included in the attached MOUs. To the extent departmental savings are not available to cover the amount, staff will recommend that your Board authorize a transfer of the deficit amount out of the General Fund Contingencies and/or reserves to the department operating budgets, as needed, as part of the third quarter report. Third quarter is when many such year-end adjustments are made.

RESULTS

Approval of these Resolutions will establish new two (2) year MOUs with the ASLOCDS Sworn Law Enforcement Unit (BU27) and Sworn Law Enforcement Supervisory Unit (BU28) effective from January 1, 2015 through December 31, 2016. The terms and conditions outlined in these MOUs are consistent with the Board's direction to stabilize the County's overall budget and share in pension rate increases. Approval of these Resolutions 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 – ASLOCDS Sworn Law Enforcement Unit (BU27)
2. Resolution – ASLOCDS Sworn Law Enforcement Supervisory Unit (BU28)
3. Attachment A – ASLOCDS Sworn Law Enforcement Unit (BU27) MOU
4. Attachment B – ASLOCDS Sworn Law Enforcement Supervisory Unit (BU28) MOU