

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

(1) DEPARTMENT Human Resources	(2) MEETING DATE 5/17/2016	(3) CONTACT/PHONE Tami Douglas-Schatz – Human Resources Director 781-5959	
(4) SUBJECT Submittal of a resolution approving 1) the July 1, 2015 – June 30, 2017 Memorandum of Understanding between the County of San Luis Obispo and the Deputy County Counsel Association (BU12) 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, 2015 – June 30, 2017 Memorandum of Understanding (MOU) between the County of San Luis Obispo and the Deputy County Counsel Association (DCCA) (BU12) and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices. All Districts.			
(6) FUNDING SOURCE(S) Departmental savings and/or unanticipated revenue.	(7) CURRENT YEAR FINANCIAL IMPACT \$31,834.00	(8) ANNUAL FINANCIAL IMPACT \$64,329.00	(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 Lisa M. Howe			
(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: 5/17/2016

SUBJECT: Submittal of a resolution approving 1) the July 1, 2015 – June 30, 2017 Memorandum of Understanding between the County of San Luis Obispo and the Deputy County Counsel Association (BU12) 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, 2015 – June 30, 2017 Memorandum of Understanding (MOU) between the County of San Luis Obispo and the Deputy County Counsel Association (DCCA) (BU12) and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices. All Districts.

DISCUSSION

The Deputy County Counsel Association (DCCA), Bargaining Unit 12 (BU12), represents a total of 11 employees in the County Counsel's Office. DCCA is the exclusive bargaining organization for the job classifications of Deputy County Counsel I, Deputy County Counsel II, Deputy County Counsel III, and Deputy County Counsel IV.

On May 1, 2015, the parties entered into negotiations for a successor MOU and changes to terms and conditions of employment. After several negotiation sessions, the parties were able to reach a tentative agreement for a new MOU on April 14, 2016. A summary of the major elements are as follows:

Term:

- The DCCA MOU is effective July 1, 2015 to June 30, 2017.

Wages:

- A 1.5% wage increase for all unit members (BU12) effective the pay period including July 1, 2015.
- A 1.5% wage increase for all unit members (BU12) effective the pay period including July 1, 2016.

Pension Provisions:

- Since January 1, 2016, the County has been paying the full pension rate increase of 0.98% for DCCA unit members. Effective January 1, 2016, the pension contribution rate for Tier 1, Tier 2, and Tier 3 members¹ shall increase by 0.49%, and the County's contribution rate will be reduced from 0.98% to 0.49%.
 - Appendix A – Miscellaneous Members Contribution Rates Tier 1, Appendix A – Miscellaneous Members Contribution Rates Tier 2, and Appendix A – Miscellaneous Members Contribution Rates Tier 3-AB340, attached hereto, reflect the new member contribution rates and the County's new appropriation rate.
- Any pension rate increases determined annually by the Pension Trust Board shall be split 50/50 between the County and Tier 1 and Tier 2 members, as adopted by the Board of Supervisors after receipt of actuarial data. Tier 3 unit members will split pension rate increases 50/50 for the life of the MOU, with future cost sharing to

¹ DCCA currently has a pending court challenge to the County's ability to increase employee pension contributions. The language in the MOU references the court challenge and preserves the parties' respective positions. The MOU language also includes a provision where the MOU will be amended in the event DCCA receives a final favorable determination, or the pension sharing provisions will be the status quo in the event the County receives a final favorable determination.

be determined in successor agreements. For the term of the agreement, the employees' share of increases shall not exceed two percent (2%).

State Disability Insurance (SDI)

- The County is currently in the process of seeking new benefits options for County employees to purchase on an individual basis. A side letter agreement is added to the MOU allowing DCCA to revisit the issue of conferring SDI benefits to unit members at their expense in the event the County is unsuccessful in acquiring these individual benefits options.

The pension sharing provisions detailed above are part of the Board of Supervisors labor strategy for employees and the County to share equally in pension rate increases.

OTHER AGENCY INVOLVEMENT/IMPACT

Representatives from the Administrative Office, County Counsel, Auditor-Controller and the Pension Trust participated in the development of the MOU and Pension Trust contribution rate sheets. County Counsel has reviewed and approved the resolution and MOU for legal form and effect. The Auditor's Office and Human Resources staff will process the system changes needed to implement these agreements.

FINANCIAL CONSIDERATIONS

Wage Increases:

The 1.5% wage increase, effective to the pay period including July 1, 2015, is estimated to increase the County's costs by \$28,545 for Fiscal Year 2015-16. The 1.5% wage increase, effective the pay period including July 1, 2016, is estimated to increase the County's costs by \$28,973 for FY 2016-17. Total County annual ongoing costs associated with these wage increases are estimated to be \$57,518.

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 2015 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, 2016. Based on this implementation date, the total rate increase for all DCCA employees ("miscellaneous members") was 0.98%. Since January 1, 2016 the County has been paying the full 0.98% increase, the cost of which is estimated at \$5,487 from January 2016 through May 2016. As agreed to by the parties, the DCCA will share equally in the cost of the increase and pay 0.49%, retroactive to January 1, 2016. This will decrease the County's costs by an estimated \$2,743 for the period of January 2016 through May 2016. Total County costs associated with these pension increases are estimated to be \$3,289 for FY 2015-16. Total County annual ongoing costs associated with these pension increases are estimated to be \$6,721.

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 MOU. 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 to the department's operating budget, as needed, as part of the third quarter report. Third quarter is when many such year-end adjustments are made.

RESULTS

Approval of this resolution establishes a new two (2) year MOU effective July 1, 2015 through June 30, 2017. The terms and conditions outlined in the 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 1) ensures the County is in compliance with Government Code 3500, which mandates good faith collective bargaining to reach agreements; 2) follows the County's post-recession budget policy of a balanced approach to reintroducing resources back into contingencies and reserves, programs and services, and salaries and benefits; and 3) contributes to a results-oriented, well-governed community. Employee compensation adjustments are negotiated with the intent to balance what the County is able to afford with providing competitive salary and benefits to attract and maintain a high-performing workforce.

ATTACHMENTS

1. Resolution – DCCA
2. Attachment A – DCCA 2015-2017 MOU

3. Appendix A – Miscellaneous Members Contribution Rates Tier 1
4. Appendix A – Miscellaneous Members Contribution Rates Tier 2
5. Appendix A – Miscellaneous Members Contribution Rates Tier 3-AB340