THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office **BOARD AGENDA #** *B-1

Urgent ☐ **Routine** ☒ **AGENDA DATE** February 14, 2012

CEO Concurs with Recommendation YES ☒ **NO** ☐ (Information Attached) **4/5 Vote Required YES** ☐ **NO** ☒

SUBJECT:

Approval of Labor Cost Reduction Agreement between the County of Stanislaus and Stanislaus County Deputy Sheriffs' Association

STAFF RECOMMENDATIONS:

1. Approve tentative agreement between the County of Stanislaus and the Stanislaus County Deputy Sheriffs' Association to implement a six percent (6%) permanent salary deduction effective July 1, 2012.

2. Authorize the extension of the expiration date of the current Memorandum of Understanding between the County of Stanislaus and the Stanislaus County Deputy Sheriffs' Association from June 30, 2012 to June 30, 2014.

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FISCAL IMPACT:

While the Adopted Final Budget for Fiscal Year 2011-2012, approved by the Board of Supervisors on September 13, 2011, presented a balanced spending plan for Fiscal Year 2011-2012, Chief Executive Office senior staff and County departments are actively working to develop budget solutions to address ongoing operational deficits and eliminate the need to supplement future operating budgets with one-time funding sources. Ongoing budget modeling includes a continuous analysis of short-term and long-term

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BOARD ACTION AS FOLLOWS:

No. 2012-059

On motion of Supervisor Withrow, **Seconded by Supervisor** Monteith
and approved by the following vote,
Ayes: Supervisors: Chiesa, Withrow, Monteith, De Martini, and Chairman O'Brien
Noes: Supervisors: None
Excused or Absent: Supervisors: None
Abstaining: Supervisor: None
1) X **Approved as recommended**
2) ____ **Denied**
3) ____ **Approved as amended**
4) ____ **Other:**
MOTION:

ATTEST: Elizabeth A King, Deputy
CHRISTINE FERRARO TALLMAN, Clerk

File No.

STAFF RECOMMENDATIONS (Continued):

3. Authorize the Chief Executive Officer or designee and all parties to sign the agreements.

4. Authorize the Chief Executive Officer and County Auditor-Controller to implement all terms and conditions of the approved agreement in compliance with applicable State and Federal laws.

FISCAL IMPACT (Continued):

financial strategies to support the County's efforts to preserve critical services in the community during a time of unprecedented declines in local discretionary funding. These strategies are continuously evaluated and refined as more information becomes available regarding future fiscal exposures and potential budget resources. Based on this modeling, we are fully aware that as an organization, further budget cuts will be required to balance the County's budget and eliminate the reliance on one-time funding sources.

As a result of ongoing fiscal challenges along with the expiration of the current Five Percent Salary Deduction agreements with all bargaining units on June 30, 2012, the County recognized that future salary savings were necessary to maintain the organization's fiscal stability. In response, the County invited all labor organizations to have joint discussions on both benefits and salary during health insurance negotiations. With all current labor contracts not expiring until June 30, 2012, salary discussions were voluntary for all labor groups, with some groups voluntarily participating in discussions and some groups declining. As a result of these discussions, on November 8, 2011, the Board of Supervisors approved agreements with seven employee organizations to implement a new six percent permanent salary deduction to be effective July 1, 2012, upon the expiration of the current five percent salary deduction. The Board of Supervisors also implemented this deduction for all unrepresented employees and all elected officials at this time. The new agreements, effective July 1, 2012, would result in a net one percent increase in salary deduction from the current five percent deduction agreement. At the time the other agreements were approved, the County was in on-going discussions with the California Nurses' Association and the Stanislaus County Deputy Sheriff's Association regarding the six percent salary deduction. The six percent salary savings will be taken on the employees' base pay and will reduce both the employee and County retirement contribution along with reducing payroll taxes. Employees will receive 48 hours of special accrued leave time (SALT) as part of the Salary Cost Deduction agreement.

In some situations in non-general fund positions, salary savings may result in a corresponding reduction in revenue. The November 8, 2011 agenda item reported the estimated salary savings for the seven previously approved bargaining units, unrepresented employees and elected officials at approximately $4,459,579. The estimated six percent salary savings for the Deputy Sheriff's Association is $1,031,079. The estimated savings will assist the County in reducing operational costs in an effort to preserve jobs for existing County employees and maintain critical services to the community.

DISCUSSION:

With assistance from County departments, the Chief Executive Office has been actively working to develop budget solutions to address the ongoing operational deficits, and eliminate the need to supplement future operating budgets with one-time funding sources. Staff have been modeling options and alternatives to eliminate this structural funding shortfall. With over 37% of the overall County budget and 53% of the General Fund used to cover salary and benefit costs, it is apparent that part of the solution needs to be a reduction in these costs. As reported previously, the County has already implemented many labor cost reduction strategies during the current and prior fiscal years in an effort to reduce salary and benefit costs in relation to decreased revenues, yet the County continues to face funding shortfalls. Some of the current and prior cost reduction strategies include:

- 5% salary deduction for all County employees for Fiscal Years 2010-2011 and 2011-2012;
- Reduction in retirement benefits for all employees hired after January 1, 2011;
- Negotiated agreements with labor groups to address benefit cost increases;
- Maintaining position vacancies and hiring freeze policy;
- Reducing extra help or temporary staffing;
- Reducing or eliminating out-of-county travel;
- Modifications to compensation and benefit plans for unrepresented Management and Confidential employees;
- Suspension of employee vacation cash outs (some exceptions apply);
- Implementation of County Voluntary Time Off Policy; and,
- Implementation of reduction-in-force actions where necessary.

With the five percent salary deduction ending on June 30, 2012, and little economic relief in sight, it became apparent that additional reductions in salaries and benefits would be required in future fiscal years. In July 2011, the County entered into joint labor discussions on the Health Benefit Agreement expiring December 31, 2011. These joint discussions provided the County a unique opportunity to negotiate salary and health benefits simultaneously. While the health discussions were due to the pending expiration of the current contract, the labor organizations participated voluntarily in the salary discussions.

The County believed this opportunity to jointly negotiate salary and benefits had substantial advantages for both parties. It provided the opportunity for labor organizations to negotiate a total salary and benefit package that met both the employees' and the County's needs and would also provide the opportunity for bargaining units to extend their current agreements beyond their expiration on July 1, 2012, to provide greater stability to their members during these times of fiscal uncertainty. For the County, an early agreement on salary would also allow for advanced budget planning for departments for the next two fiscal years and the opportunity to address core salary and benefit issues in a consistent fashion for those groups voluntarily participating in salary discussions.

The majority of County bargaining units participated in initial discussions to evaluate potential salary proposals and the potential to extend current labor agreements scheduled to expire on July 1, 2012. In these discussions, the County emphasized the need for long term solutions that could yield permanent reductions in salaries. The County also recognized the impact of the current salary deduction agreements which provide 13 days of special accrued leave per year for each County employee, creating additional challenges for departments to provide adequate support for County services with already reduced staffing levels. Participating labor organizations worked with the County through the negotiations process to reduce the current number of SALT days from 13 per year to six per year beginning July 1, 2012. The agreements also contain a provision to reduce and eventually eliminate all SALT days in the future if the County is in a better fiscal position to restore employee salaries and reduce or eliminate the six percent salary deductions. On November 8, 2011, the Board of Supervisors approved tentative agreements with seven employee organizations for a six percent permanent salary deduction that includes 48 hours of SALT effective July 1, 2012. The Board of Supervisors also implemented this deduction for all unrepresented employees and all elected officials at the November 8, 2011 Board meeting. The Deputy Sheriffs' Association has now ratified the Six Percent Permanent Salary Deduction Agreement.

For all groups not reaching a salary deduction agreement, salaries will be negotiated when the Memorandums of Understanding for these groups expire on June 30, 2012. The chart below shows the status of negotiations for all County labor organizations.

Labor Association	Allocated Positions	Percent of Workforce	Contract Expiration Date	6% Salary Deduction Status
County Attorney's Association	67	1.8%	6/30/2012	Negotiations scheduled to start at the beginning of March
Emergency Dispatchers' Association	39	1.1%	6/30/2014	Approved by Board of Supervisors November 8, 2011
Probation Correction Officers' Association	78	2.1%	6/30/2014	Approved by Board of Supervisors November 8, 2011
California Nurses' Association	81	2.2%	6/30/2012	Schedule Pending
Stanislaus County Employees Association, (AFSCME) Local 10	1,979	53.3%	6/30/2012	Negotiations in Process
Deputy Probation Officers' Association	114	3.1%	6/30/2014	Approved by Board of Supervisors November 8, 2011
District Attorney Investigators' Association	13	0.4%	6/30/2014	Approved by Board of Supervisors November 8, 2011
Deputy Sheriffs Association - Custodial	219	5.9%	6/30/2014	Ratified- Recommended for Approval
Service Employees' International Union, (SEIU) Local 521	569	15.3%	6/30/2012	Schedule Pending
Sheriff's Management Association	14	0.4%	6/30/2014	Approved by Board of Supervisors November 8, 2011
Sheriff Supervisor's Association	20	0.5%	6/30/2014	Approved by Board of Supervisors November 8, 2011
Sworn Deputies Sheriff's Association	150	4.0%	6/30/2014	Approved by Board of Supervisors November 8, 2011
Unrepresented	367	9.9%	N/A	Approved by Board of Supervisors November 8, 2011
Total	3,710	100%		

Not included in this total are the In-Home Supportive Services Individual Providers (IHSS-IP) who are represented by the United Domestic Workers of America (UDWA).

The cooperation, collaboration and understanding of the County's labor groups have been instrumental in reaching these salary cost reduction agreements. Their cooperation is an essential and key component to our multi-year financial strategy and will minimize the impact to essential community services as well as the number of County employees facing reductions-in-force.

POLICY ISSUE:

Approval of the recommendations for reduced salary costs will support the Board of Supervisors' priority of maintaining the Efficient Delivery of Public Services through anticipated fiscal savings for County departments.

STAFFING IMPACT:

Upon approval of these recommendations, the County will have agreements with eight labor organizations to implement a permanent six percent salary deduction for the County's full-time workforce starting July 1, 2012.

CONTACT:

Nancy Bronstein, Chief Executive Office, 525-6333

TENTATIVE AGREEMENT

BETWEEN COUNTY OF STANISLAUS
AND
STANISLAUS COUNTY DEPUTY SHERIFF'S ASSOCIATION

RE: IMPLEMENTATION OF 6% SALARY DEDUCTION

Pursuant to this agreement between the County of Stanislaus (County) and the Stanislaus County Deputy Sheriff's Association (SCDSA), the parties agree as follows:

Whereas, the County and SCDSA agree the County continues to face an ongoing operational deficit requiring ongoing use of one-time funds to balance the County's budget. The parties further agree this structural shortfall in funding needs to be eliminated in order to ensure the sustainability of the organization; and

Whereas, the County and SCDSA agree that both parties benefit from joint negotiations on salary and healthcare benefits in order to negotiate a total package that meets the needs of both the employees and the County.

Now therefore, the parties agree to the following terms and conditions of implementing a 6% permanent salary deduction and health benefits agreement:

1. Healthcare benefits are negotiated in joint discussions with all County bargaining units. The County and all bargaining units have negotiated a Healthcare agreement for the period of January 1, 2012 through December 31, 2014. (Attachment A)

2. The term of this agreement between the County and SCDSA will be from July 1, 2012 through June 30, 2014.

3. All employees in the bargaining unit(s) represented by SCDSA will receive a 6% permanent deduction in salary starting on the July 1, 2012 workday. The 6% permanent salary deduction will be on a pre-tax basis and will be calculated on the employee's base wage up to 2080 hours. The salary deduction will not decrease the compensation paid for extra pays (special assignment pay, etc.). Retirement contributions will not be withheld on behalf of the employee or County on the amount of salary deducted.

4. All employees receiving a 6% permanent salary deduction will receive 1.54 hours of special accrued leave time each pay period in which the 6% permanent salary deduction is taken, or an equivalent amount of special accrued leave time pro-rated based on the number of hours paid to the employee. The total special accrued leave time earned in each fiscal year will be 40 hours based on a 6% salary deduction for each 80 hours of paid time during 26 pay periods. Special accrued leave time will be administered in the same manner as vacation time for purposes of determining overtime eligibility.

5. Special accrued leave time will be reported as a separate accrual amount on each employee's payroll advice notice. Employees may go negative in their special accrual leave time balance up to a maximum of 40 hours, however employees may not go negative in any amount greater than the employee's current vacation accrual amount. Employees may not carry a negative balance over at the end of each fiscal year. If an employee has a negative balance at the end of the fiscal year, or upon separation from employment, the County will reduce the employee's vacation accrual amount by an equal portion to balance the employee's special accrued leave time to zero.

6. Special accrued leave time will be utilized during any period of office closure approved by the Board of Supervisors. Office closure schedules will be communicated by July 1 of each Fiscal Year for the entire Fiscal year. With Department Head approval, employees may work during periods of approved office closures in limited circumstances to provide required County services.

   Any remaining special accrued leave time not utilized during an office closure will be eligible for the employee to use as requested with the approval of their Department Head or designee. Department Heads may substitute the use of vacation with special accrued leave time as necessary, unless an employee is at the maximum level of vacation accrual.

7. Employees and departments are encouraged to schedule and utilize all special accrued leave time within the fiscal year in which it is accrued. Special accrued leave time not utilized will not expire (unless negotiated in the future per paragraph 8), does not have a vested cash value and may not be cashed out during employment or at the time of termination. Employees will not be able to accrue more than 80 hours of special accrued leave time. Employees who reach 80 hours of accumulation shall not accrue any additional special accrued leave time although the deduction will remain in place.

8. Special accrued leave time will be tied to the salary deduction for negotiation purposes and will be reduced as salaries are increased and then eliminated as salaries are restored in full. The expiration date for any accrued time still on the books will be established with the future elimination of special accrued leave time.

9. Employees retiring from County service will be exempted from 6% permanent salary deductions for a one year period prior to their identified date of retirement. In order to receive this exemption, retiring employees will need to sign an irrevocable notice of their retirement/resignation from County service on forms provided by the County. Employees may request Department Head approval to extend their planned retirement/resignation date, however, any approved extension of their planned retirement/resignation date will require an adjustment of salary deductions and special accrued leave time to ensure that the employee is not exempted from the salary deductions for a period greater than 12 months. Employees must be eligible for a regular service retirement in order to receive this exemption.

10. In recognition of the agreed 6% salary savings for Fiscal Years 2012-2013 and 2013-2014, the County agrees to not impose through any meet and confer process an additional base salary reduction/deduction beyond the 6% contributed by

employees represented by SCDSA from the date of agreement through June 30, 2014. This provision does not prohibit the parties from introducing or discussing proposals within the scope of bargaining.

11. The County agrees to modify existing reduction-in-force policies to extend return rights for employees impacted by a reduction-in-force to two years. This extension of return rights will be permanent and apply to all permanent regular employees represented by SCDSA who are terminated or demoted through a reduction in force action on or after July 1, 2012. The County also agrees to provide protection to current employees to ensure that in the event of future reductions-in-force they are not adversely impacted by less senior employees with greater return rights. Current 2010-2011 and 2011-2012 5% deduction agreements have three to five years temporary reinstatement. For example, an employee who received a reduction-in-force notice in January 2011 with five years of reinstatement rights would have return rights until January 2016. Employees in the same job class with greater seniority receiving a reduction in force notice in July 1, 2012 would only have reinstatement rights until July 14, 2014. During the transition period of implementing the two year reinstatement policy, the County agrees to modify reinstatement rights for individual employees subject to a reduction-in-force action to ensure the employee's return rights are extended beyond the reinstatement period granted to any less senior employee.

12. SCDSA recognizes that the implementation of the 6% permanent salary deduction is not a form of discipline for individual employees and employees may not appeal this reduction in salary under any County appeal procedures.

13. Implementation of the 6% permanent salary deduction will not impact an employee's existing leave time accrual benefits (sick leave, vacation, etc.), retirement service credit or health insurance benefits.

14. Vacation cash outs will not be approved for employees participating in the 6% permanent salary deduction program in Fiscal Years 2012-2013 and 2013-2014; individual MOU provisions will remain for employees reaching the vacation accrual maximum and denied the use of vacation.

15. Employees may voluntarily request unpaid Voluntary Time Off (VTO), as per County policy, in addition to the 6% salary deduction.

16. The parties agree that a base wage salary increase will not be implemented during the term of this agreement. In the event the County reaches agreement on a new wage related or leave package with any other County bargaining unit for Fiscal Years 2012-2013 and 2013-2014 that contains provisions where the overall monetary/leave value of the package is more favorable than those contained in this agreement, the County agrees to extend those provisions to the SCDSA.

17. The parties agree that in the event the State of California prohibits Stanislaus County from paying employee's retirement contribution to StanCERA and the County implements this legislation the agreement for the 6% deduction will be modified to equalize the impact of this change.

This Tentative Agreement is entered into between the County and SCDSA and is subject to any applicable ratification/approval procedures of the bargaining unit as determined by SCDSA. Approval of this Tentative Agreement confirms support of the agreement by the designated Labor Representative and a commitment to forward the agreement through any applicable ratification/approval procedures required for the bargaining unit. Final approval and implementation of this agreement is subject to confirmation that all labor ratification/approval procedures are completed and formal adoption of the agreement by the Board of Supervisors.

Agreed to this 22nd day of Sept., 2011

Jody Hayes
Stanislaus County

Labor Representative
SCDSA

Nancy Bronstein
Stanislaus County

AMENDMENT TO

TENTATIVE AGREEMENT
BETWEEN COUNTY OF STANISLAUS
AND
STANISLAUS COUNTY DEPUTY SHERIFFS ASSOCIATION

RE: IMPLEMENTATION OF 6% SALARY DEDUCTION

Whereas, the parties entered into a tentative agreement on a 6% permanent salary deduction on September 22, 2011;

Whereas, the County desires to extend an alternative provision to Paragraph 4 of the Tentative Agreement in regard to the number of Special Accrued Leave Days as set forth under the Agreement;

Whereas, the County desires to extend an alternative provision to Paragraph 8 of the Tentative Agreement in regard to the method for the reduction in the number of Special Accrued Leave Days as increases in salary are negotiated as set forth under the Agreement; and

Whereas, the parties desire to extend the term of the Memorandum of Understanding between the parties; and

Whereas, in the event the Stanislaus County Deputy Sheriffs Association desires to accept the referenced alternative provisions and extend the term of the contract, the Agreement shall be amended as set forth below.

Paragraph 4 shall be replaced in its entirety with the following:
"All employees receiving a 6% permanent salary deduction will receive 1.846 hours of special accrued leave time each pay period in which the 6% permanent salary deduction is taken or an equivalent amount of special accrued leave time pro-rated based on the number of hours paid to the employee. The total special accrued leave time earned in each fiscal year will be 48 hours based on a 6% salary deduction for each 80 hours of paid time during 26 pay periods. Special accrued leave time will be administered in the same manner as vacation time for purposes of determining overtime eligibility."

Paragraph 8 shall be replaced in its entirety with the following:
"Special accrued leave time will be tied to the salary deduction. With each 1% increase in salary approved by the Board of Supervisors, the number of SALT hours earned will be reduced by eight hours annually. The expiration date for any accrued time still on the books will be established with the future elimination of special accrued leave time."

The Expiration Date of the Current Memorandum of Understanding between the County of Stanislaus and the Stanislaus County Deputy Sheriffs Association will be extended from June 30, 2012 to June 30, 2014.

No other terms and conditions of the Tentative Agreement shall be modified by this Amendment.

Agreed to this _______ day of __________, 2011.

Jody Hayes
Stanislaus County

Labor Representative
Stanislaus County Deputy
Sheriffs Association

Nancy Bronstein
Stanislaus County