

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

DEPT: Chief Executive Office

BOARD AGENDA # \*B-5

Urgent  Routine

AGENDA DATE February 4, 2014

CEO Concur with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO

SUBJECT:

Approval of Agreements with the Deputy Sheriff's Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County District Attorney Investigators' Association, Stanislaus County Probation Corrections Officers Association, and Stanislaus County Deputy Probation Officers Association for the Conversion of the Employer Paid Member Contributions to Salary as a Result of the Public Employees' Pension Reform Act

STAFF RECOMMENDATIONS:

1. Approve the conversion of the Employer Paid Member Contribution to salary using the current overall average member contribution for all public safety bargaining units resulting in a corresponding increase in salary of 13.37% for all employees in the Deputy Sheriff-Custodial, Sergeant, Sergeant-Custodial, and Criminal Investigator I/II classifications and resulting in a corresponding average reduction of 13.37% in County paid retirement contributions.

Continued on Page 2

FISCAL IMPACT:

On January 1, 2013 the Public Employees' Pension Reform Act (PEPRA) went into effect. Included in this act is a provision that requires New Members to pay at least 50% of normal cost of retirement and prohibits employers from paying this contribution on the employee's behalf, [Govt. Code Sect. 7522.30 (c)]. While PEPRA was effective January 1, 2013, any negotiated agreement for employer paid member contribution (EPMC) was protected until the current contract expired. For the Deputy Sheriff's Association (DSA), Stanislaus County Sheriff's Supervisor Association (SCSSA), Stanislaus County District Attorney

BOARD ACTION AS FOLLOWS:

No. 2014-45

On motion of Supervisor Chiesa, Seconded by Supervisor O'Brien

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, and Chairman De Martini

Noes: Supervisors: Monteith

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other: This Item was removed from the consent calendar for discussion and consideration.

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval of Agreements with the Deputy Sheriff's Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County District Attorney Investigators' Association, Stanislaus County Probation Corrections Officers Association, and Stanislaus County Deputy Probation Officers Association for the Conversion of the Employer Paid Member Contributions to Salary as a Result of the Public Employees' Pension Reform Act

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### **RECOMMENDATIONS (Continued):**

2. Approve the conversion of the Employer Paid Member Contribution to salary using the current member contribution resulting in a corresponding increase in salary of 8.5% for all employees in the Deputy Probation Officer I/II/III, Supervising Probation Officer, Supervising Probation Corrections Officer, and Probation Corrections Officer I/II/III classifications and resulting in a corresponding reduction of 8.5% in County paid retirement contributions.
3. Authorize the Chief Executive Officer or designee and all parties to sign agreements outlining the recommended changes.
4. Authorize the Chief Executive Officer and County Auditor-Controller to implement all terms and conditions of the approved agreements in compliance with applicable State and Federal Laws.
5. Amend the Salary and Position Allocation Resolution to reflect the recommended changes, (as outlined in the Staffing Impacts section of this report and Attachment A) to be effective with the start of the first pay period beginning on or after February 8, 2014.

### **FISCAL IMPACT (Continued):**

Investigators' Association (SCDAIA), Stanislaus County Probation Corrections Officers Association (SCPCOA), and Stanislaus County Deputy Probation Officers Association (SCDPOA), this provision would have been effective for new members on July 1, 2014, following the expiration of the contracts on June 30, 2014.

Since 1987 the County has paid a portion of the employee's retirement contribution and is currently paying the full employee contribution for all members of the Deputy Sheriff's Association (DSA), Stanislaus County Sheriff's Supervisor Association (SCSSA), and Stanislaus County District Attorney Investigators' Association (SCDAIA), and a portion of the contribution for all members of the Stanislaus County Probation Corrections Officers Association (SCPCOA), and Stanislaus County Deputy Probation Officers Association (SCDPOA).

While the provision requiring new members to pay at least 50% of the normal cost would have impacted only those employees hired on or after January 1, 2013, the implementation of this provision on July 1, 2014 would have resulted in two different levels of compensation for employees within the Deputy Sheriff-Custodial, Sergeant,

Approval of Agreements with the Deputy Sheriff's Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County District Attorney Investigators' Association, Stanislaus County Probation Corrections Officers Association, and Stanislaus County Deputy Probation Officers Association for the Conversion of the Employer Paid Member Contributions to Salary as a Result of the Public Employees' Pension Reform Act

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Sergeant-Custodial, Criminal Investigator I/II, Deputy Probation Officer I/II/III, Supervising Probation Officer, Supervising Probation Corrections Officer, and Probation Corrections Officer I/II/III classifications – those hired prior to January 1, 2013 who would not be required to pay the employee's pension cost and those hired on or after January 1, 2013 who would be paying the full employee retirement contribution.

The County has analyzed both the fiscal impact to the County and employees of the conversion of the current retirement contribution to salary. Since the County made the agreement in 2006, the current overall average member contribution for all safety employees has increased to 13.37% of retirement contributable income. The recommendation is to provide a one to one conversion of retirement contribution for salary based on the current average contribution for safety employees or a 13.37% salary increase with a corresponding 13.37% average reduction in County paid retirement benefits for those units where the County is paying the entire contribution and up to the capped amount of 8.5% for units where such a maximum is specified in the current MOU. Any agreement with less than a one to one conversion will result in a significant reduction in net pay at a time when employees have not had a salary increase in over five years. Even with the one to one conversion there will be a potential for reduction in net pay. Because the agreement is based on the overall average contribution, the impact to net pay will be dependent on the employee's individual circumstances but any conversion beyond this had a much greater cost impact to the County because of the lack of offsetting reduction in retirement costs.

Even with a one to one conversion there will be a cost to the County as the result of payroll taxes and retirement paid on the increased compensation. If all positions are filled it is anticipated the overall annual fiscal impact of the conversion is \$1,386,946 with an impact to the General Fund of \$1,244,528. The anticipated fiscal impact for the remaining five months of the 2013-2014 Fiscal Year is approximately \$577,894 for all funds and \$518,553 to the General Fund and the cost is divided between the Sheriff's Department, Probation Department and District Attorney's Office. There are currently vacancies in all bargaining units resulting in cost savings. Any necessary budget adjustments will be addressed as part of the Third Quarter Report to the Board. Following is the breakdown of the anticipated annual fiscal impact by bargaining unit, the number of employees in each unit and the number of new hires since January 1, 2013:

Approval of Agreements with the Deputy Sheriff's Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County District Attorney Investigators' Association, Stanislaus County Probation Corrections Officers Association, and Stanislaus County Deputy Probation Officers Association for the Conversion of the Employer Paid Member Contributions to Salary as a Result of the Public Employees' Pension Reform Act

| Bargaining Unit                         | Employee Retirement Pick Up Paid by County | Current Allocated Positions | Current Vacancies | New Hires as of 1/1/13 | Salary Increase Percentage | Projected Annual Fiscal Cost | Annual Fiscal General Fund Impact | Five Months 2013/14 All Funds | Five Months 2013/14 General Fund |
|---|--|-----------------------------|-------------------|------------------------|----------------------------|------------------------------|-----------------------------------|-------------------------------|----------------------------------|
| Deputy Sheriff-Custodial DSA            | All  | 245                         | 33                | 25                     | 13.37%                     | \$777,925                    | \$723,591                         | \$324,136                     | \$301,496                        |
| Sheriff Supervisor Association SCSSA    | All  | 23                          | 3                 |                        | 13.37%                     | \$100,010                    | \$87,424                          | \$41,671                      | \$36,427                         |
| Deputy Probation Officers SCDPOA        | 8.50%                                      | 122                         | 13                | 6                      | 8.50%                      | \$270,183                    | \$225,339                         | \$112,576                     | \$93,891                         |
| Probation Corrections Officers SCPCOA   | 8.50%                                      | 76                          | 7                 | 12                     | 8.50%                      | \$137,616                    | \$133,690                         | \$57,340                      | \$55,704                         |
| District Attorney Investigators SCDAlA  | All  | 13                          | 3                 |                        | 13.37%                     | \$101,211                    | \$74,483                          | \$42,171                      | \$31,035                         |
| <b>Sheriff Department Total</b>         |  |                             |                   |                        |                            |                              |                                   |                               |                                  |
|   |  |                             |                   |                        |                            | \$877,935                    | \$811,015                         | \$365,806                     | \$337,923                        |
| <b>Probation Department Total</b>       |  |                             |                   |                        |                            |                              |                                   |                               |                                  |
|   |  |                             |                   |                        |                            | \$407,799                    | \$359,030                         | \$169,916                     | \$149,596                        |
| <b>District Attorney's Office Total</b> |  |                             |                   |                        |                            |                              |                                   |                               |                                  |
|   |  |                             |                   |                        |                            | \$101,211                    | \$74,483                          | \$42,171                      | \$31,035                         |
| <b>Grand Total</b>                      |  |                             |                   |                        |                            |                              |                                   |                               |                                  |
|   |  |                             |                   |                        |                            | \$1,386,946                  | \$1,244,528                       | \$577,894                     | \$518,553                        |

While there is a fiscal impact to this agreement there is also a potential for long term savings. With uncertainty in retirement rates the employee will now be responsible for any increases in the employee's contribution to pension.

**DISCUSSION:**

On January 1, 2013 the Public Employees' Pension Reform Act (PEPRA) went into effect. Included in this act is a provision that requires New Members to pay at least 50% of normal cost of retirement and prohibits employers from paying this contribution on the employee's behalf, [Govt. Code Sect. 7522.30 (c)]. This measure defines a new member as: an individual who has never been a member of any public retirement system prior to January 1, 2013; an individual who moved between retirement systems with more than a 6-month break in service; and, an individual who moved between public employers within a retirement system after more than a 6-month break in service. While PEPRA was effective January 1, 2013, any negotiated agreement for EPMC was protected until the current contract expired. For the Deputy Sheriff's Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County District Attorney Investigators' Association, Stanislaus County Probation Corrections Officers Association, and Stanislaus County Deputy Probation Officers Association this provision would have been effective on July 1, 2014 following the expiration of the contract on June 30, 2014.

Approval of Agreements with the Deputy Sheriff's Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County District Attorney Investigators' Association, Stanislaus County Probation Corrections Officers Association, and Stanislaus County Deputy Probation Officers Association for the Conversion of the Employer Paid Member Contributions to Salary as a Result of the Public Employees' Pension Reform Act

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Since 1987 the County has paid a portion of the employee's retirement contribution and is currently paying the full employee contribution for all members of the DSA, SCSSA and SCDAIA. The 1987 agreements provided 3.75 percentage points of the employee's contribution be paid by the County. In 2007 the County agreed to pay the full employee contribution for the DSA and SCSSA, and in 2008 the County agreed to pay the full employee contribution for the SCDAIA with these units forfeiting an 8% salary increase in return. The result was an increase on average of 8.25% in retirement contribution in lieu of the 8% salary increase.

Similar agreements were made in 2006 and 2007 as the County agreed to pay 1.5% of the employee's retirement contribution for members of the SCDPOA and SCPCOA. Increases to the County contribution were made in subsequent years, and in 2009 and 2010 the amount was increased to a maximum of 8.5% for all members of these two bargaining units with employees forfeiting salary increases in return.

The County and these units both saw fiscal benefits as a result of this agreement. The County would have experienced an increase in payroll taxes and retirement contributions on a salary increase. These were avoided through the contribution to retirement. Employees also benefited from an increase in net pay as a result of no longer paying a retirement contribution.

While the provision requiring New Members to pay at least 50% of the normal cost would have impacted only those employees hired on or after January 1, 2013, the implementation of this provision would result in two different compensation levels for employees within the Deputy Sheriff-Custodial, Sergeant, Sergeant-Custodial, Criminal Investigator I/II, Deputy Probation Officer I/II/III, Supervising Probation Officer, Supervising Probation Corrections Officer, and Probation Corrections Officer I/II/III classifications. The County recognizing this, as well as the benefit to the organization of eliminating any employee's retirement contribution being paid by the County on the employee's behalf, has been meeting with the DSA, SCSSA, SCDAIA, SCPCOA and SCDPOA. During these meetings tentative agreements have been reached with all of the units in which all bargaining unit employees would begin paying the full employee retirement contribution resulting in a decrease in the current contributions the County pays for employee retirement. In exchange the County has agreed to provide a salary increase of 13.37% equal to the overall average employee member contribution for all Public Safety Units to employees represented by the DSA, SCSSA and SCDAIA, and 8.5% to employees represented by the SCPCOA and SCDPOA.

The classifications in these bargaining units are difficult to recruit positions. They require an extensive background process and specialized training that make recruiting

Approval of Agreements with the Deputy Sheriff's Association, Stanislaus County Sheriff's Supervisor Association, Stanislaus County District Attorney Investigators' Association, Stanislaus County Probation Corrections Officers Association, and Stanislaus County Deputy Probation Officers Association for the Conversion of the Employer Paid Member Contributions to Salary as a Result of the Public Employees' Pension Reform Act

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for these positions a challenge. Retaining existing staff once they have been hired and trained is critical to the success of our operations. Without this recommended agreement, retaining staff hired since the start of 2013 would be difficult. This agreement should provide some assistance in our retention efforts.

It is recommended to document this exchange in side letters between the DSA, SCSSA, SCDAIA, SCPCOA and SCDPOA and the County. These side letters will be incorporated into the successor Memorandum of Understanding.

**POLICY ISSUE:**

Approval of this agreement supports the Board of Supervisors' priority of Efficient Delivery of Public Services and Safe Community.

**STAFFING IMPACT:**

The salary ranges for the affected job classifications will be modified to reflect the increase in compensation provided as a result of the employees now paying the full employee portion of the StanCERA pension cost. The current and recommended salary ranges by classification are identified in Attachment A.

The conversion of Employer Paid Member Contribution to salary will be effective the start of the pay period beginning on or after February 8, 2014.

**CONTACT:**

Nancy Bronstein, Deputy Executive Officer, Chief Executive Office, 525-6333

**ATTACHMENT A**

| <b>Classification</b>                            | <b>Step 1</b> | <b>Step 2</b> | <b>Step 3</b> | <b>Step 4</b> | <b>Step 5</b> |
|--|---------------|---------------|---------------|---------------|---------------|
| <b>Deputy Sheriff-Custodial</b>                  |               |               |               |               |               |
| Current  | 21.91         | 23.01         | 24.16         | 25.37         | 26.64         |
| Recommended                                      | 24.84         | 26.09         | 27.39         | 28.76         | 30.20         |
| <b>Sergeant</b>                                  |               |               |               |               |               |
| Current  | 28.84         | 30.28         | 31.79         | 33.38         | 35.05         |
| Recommended                                      | 32.70         | 34.33         | 36.04         | 37.84         | 39.74         |
| <b>Sergeant-Custodial</b>                        |               |               |               |               |               |
| Current  | 26.34         | 27.66         | 29.04         | 30.49         | 32.01         |
| Recommended                                      | 29.86         | 31.36         | 32.92         | 34.57         | 36.29         |
| <b>Criminal Investigator I</b>                   |               |               |               |               |               |
| Current  | 25.88         | 27.17         | 28.53         | 29.96         | 31.46         |
| Recommended                                      | 29.34         | 30.80         | 32.34         | 33.97         | 35.67         |
| <b>Criminal Investigator II</b>                  |               |               |               |               |               |
| Current  | 28.84         | 30.28         | 31.79         | 33.38         | 35.05         |
| Recommended                                      | 32.70         | 34.33         | 36.04         | 37.84         | 39.74         |
| <b>Deputy Probation Officer I</b>                |               |               |               |               |               |
| Current  | 19.99         | 20.99         | 22.04         | 23.14         | 24.30         |
| Recommended                                      | 21.69         | 22.77         | 23.91         | 25.11         | 26.37         |
| <b>Deputy Probation Officer II</b>               |               |               |               |               |               |
| Current  | 22.52         | 23.65         | 24.83         | 26.07         | 27.37         |
| Recommended                                      | 24.43         | 25.66         | 26.94         | 28.29         | 29.70         |
| <b>Deputy Probation Officer III</b>              |               |               |               |               |               |
| Current  | 25.13         | 26.39         | 27.71         | 29.10         | 30.56         |
| Recommended                                      | 27.27         | 28.63         | 30.07         | 31.57         | 33.16         |
| <b>Supervising Probation Officer</b>             |               |               |               |               |               |
| Current  | 28.55         | 29.98         | 31.48         | 33.05         | 34.70         |
| Recommended                                      | 30.98         | 32.53         | 34.16         | 35.86         | 37.65         |
| <b>Supervising Probation Corrections Officer</b> |               |               |               |               |               |
| Current  | 24.68         | 25.91         | 27.21         | 28.57         | 30.00         |
| Recommended                                      | 26.78         | 28.11         | 29.52         | 31.00         | 32.55         |
| <b>Probation Corrections Officer I</b>           |               |               |               |               |               |
| Current  | 16.14         | 16.95         | 17.80         | 18.69         | 19.62         |
| Recommended                                      | 17.51         | 18.39         | 19.31         | 20.28         | 21.29         |
| <b>Probation Corrections Officer II</b>          |               |               |               |               |               |
| Current  | 18.51         | 19.44         | 20.41         | 21.43         | 22.50         |
| Recommended                                      | 20.08         | 21.09         | 22.14         | 23.25         | 24.41         |
| <b>Probations Corrections Officer III</b>        |               |               |               |               |               |
| Current  | 21.07         | 22.12         | 23.23         | 24.39         | 25.61         |
| Recommended                                      | 22.86         | 24.00         | 25.20         | 26.46         | 27.79         |

SCDPOA Negotiations 2014  
Retirement and Public Employees' Pension Reform Act (PEPRA) Clean Up  
**Side letter to be incorporated into the successor MOU.**  
01-02-2014

8. SAFETY RETIREMENT

A. General

Each member of the bargaining unit shall become a Safety member of the Retirement System upon initial appointment by the Chief Probation Officer to the position of Deputy Probation Officer, Supervising Probation Officer, or Supervising Probation Corrections Officer.

B. Retirement Tiers

~~Members of the bargaining unit employed prior to January 1, 2011 shall receive upon retirement three percent (3%) of base salary at age fifty (50) calculated on the single highest twelve (12) months.~~

~~The Safety Tier Two retirement plan will be reopened for all newly hired members of this bargaining unit effective January 1, 2011. Safety Tier Two benefits include the two percent (2%) at age fifty (50) retirement benefit per Government Code Section 31664 and final average compensation calculated on the highest thirty-six (36) consecutive months.~~

~~Employees who are rehired/reinstated with the County after the implementation of Tier Two on January 1, 2011 and have met the necessary membership criteria to be placed in their former retirement tier shall be eligible for placement in their former tier. In general, current legal standards allow rehired employees the opportunity to reinstate into their former retirement tier as long as the individual member either has left his retirement contributions on deposit since his prior period of County service or elects and completes the redeposit of withdrawn retirement contributions plus applicable interest. The membership tier will depend on the employee's/member's individual circumstances and prior retirement selections. Employees who are rehired/reinstated with the County after January 1, 2011 are encouraged to confirm their membership status and retirement options with StanCERA.~~

C. Retirement Contributions

~~Employee retirement contribution rates are established by the Stanislaus County Employee Retirement Association ( StanCERA). Effective September 2, 2006, the County agreed to pay a portion of the employee retirement contribution rates for all employees. Effective August 1, 2009, the County agreed to pay StanCERA~~



up to a total of eight and one-half (8.5%) of the employee's retirement contribution rate of the eligible earnings (Basic and COLA) during the term of this agreement.

- D. ~~County contributions towards an employee's retirement contribution rate shall not exceed the actual employee retirement contribution rate being charged by StanCERA at any time. If an employee's retirement contribution rate falls below the amounts provided in Section C the County contribution amount will be lowered to equal the actual employee retirement contribution rate being charged by StanCERA.~~

**Safety Employees Tier 5 Retirement Plan.** Members of the bargaining unit employed prior to January 1, 2011 and with service retirement credit greater than zero, shall receive upon retirement, three percent (3%) of base salary at age fifty (50) calculated on the single highest twelve (12) consecutive months.

**Safety Employees Tier 2 Retirement Plan.** The Tier 2 retirement plan for all newly hired members of the bargaining unit is reinstated effective between January 1, 2011 and December 31, 2012. Safety Tier 2 benefits include the two percent (2%) at age fifty (50) retirement benefit per Government Code Section 31664 and final average compensation calculated on the highest thirty-six (36) consecutive months.

**Safety Employees PEPRA Tier 6 Retirement Plan.** Pursuant to California Public Employees' Pension Reform Act of 2013 (PEPRA), the County shall provide the StanCERA Tier 6 retirement plan (2.7% @ 57) for Safety employees hired on or after January 1, 2013. Final compensation will be based on the average of the highest wages earned in any thirty-six (36) consecutive months.

Employees who are rehired/reinstated with the County after the implementation of Tier 2 on January 1, 2011 or Tier 6 on January 1, 2013 and have met the necessary membership criteria to be placed in their former retirement tier shall be eligible for placement in that former tier. In general, current legal standards allow rehired employees the opportunity to reinstate into their former retirement tier as long as the individual member either has left his retirement contributions on deposit since his prior period of County service or elects the redeposit of withdrawn retirement contributions plus applicable interest. The membership tier will depend on the employee's/member's individual circumstances and prior retirement selections. Employees who are rehired/reinstated with the County after January 1, 2011 are encouraged to confirm their membership status and retirement tier reinstatement options with StanCERA.

### **C. Public Employees' Pension Reform Act (PEPRA)**

On January 1, 2013 the Public Employees' Pension Reform Act (PEPRA) went into effect. Included in this act is a provision that requires New Members to pay at least 50% of normal cost and prohibits employers from paying this contribution on the employee's behalf, [Govt. Code Sect. 7522.30 (c)]. This measure defines a new member as: an individual who has never been a member of any public retirement

system prior to January 1, 2013; an individual who moved between retirement systems with more than a 6-month break in service; and, an individual who moved between public employers within a retirement system after more than a 6-month break in service.

Employee retirement contribution rates are established by the Stanislaus County Employee Retirement Association (STANCERA).

In order to become compliant with PEPRA all members of the bargaining unit will pay the full employee retirement contribution rate and the County will no longer pay the Employer Paid Member Contribution (EPMC). The specific employee retirement contribution will vary for each employee based on their individual retirement tier and age of entry into the retirement system. The current member contribution paid by the County for members of this bargaining unit is 8.5% of retirement contributable income. In exchange for the County eliminating the current EPMC, the County will increase base compensation by 1% (one percent) for each 1% (one percent) of the overall employee retirement contribution that will now be paid by each employee in the bargaining unit. For the members of this bargaining unit the County will use the 8.5% retirement contribution rate to calculate the wage increase, for a total base wage adjustment of 8.5% (8.5% x 1%). The parties recognize this wage adjustment and the elimination of the EPMC will have varying impacts on bargaining unit members.

The elimination of EPMC and corresponding increase in base wages will occur on *EFFECTIVE DATE*.

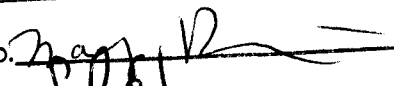
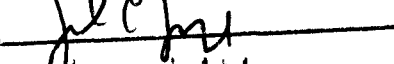
ED. Employees in retirement Tier 4 (formerly Tier 1), shall maintain the retirement benefit known as "30-year pay." Tier 4 employees are eligible for this benefit as determined by StanCERA when an employee has reached thirty (30) years of service and is no longer required to make contributions to the retirement system.

~~F.~~ All payments made by the County to StanCERA on behalf of the employee's retirement contribution rate shall be vested in the employee.

~~9.~~ INTERNAL REVENUE CODE SECTION 414(h2)

~~The parties acknowledge that the County has implemented the provisions of IRS Code Section 414(h2) dealing with the employer "pickup" of the employee's retirement contribution for both Tier I and II.~~

**TENTATIVE AGREEMENT**

County Rep.   
Union Rep.   
Date 11/2/14

SCSSA Negotiations 2014  
Retirement and Public Employees' Pension Reform Act (PEPRA) Clean Up  
**Side letter to be incorporated into the successor MOU.**  
01-02-2014

J. Retirement

1. ~~Members of the bargaining unit employed prior to January 1, 2011 shall receive upon retirement three percent (3%) of base salary at age fifty (50) calculated on the single highest twelve (12) consecutive months.~~
2. ~~The parties agree to reopen the Tier Two retirement plan for all newly hired members of the bargaining unit effective January 1, 2011. Safety Tier Two benefits include the 2% at 50 retirement benefit per Government Code Section 31664 and final average compensation calculated on the highest thirty-six (36) consecutive months.~~

~~Employees who are rehired/reinstated with the County after the implementation of Tier Two on January 1, 2011 and have met the necessary membership criteria to be placed in their former retirement tier shall be eligible for placement in that former tier. In general, current legal standards allow rehired employees the opportunity to reinstate into their former retirement tier as long as the individual member either has left his retirement contributions on deposit since his prior period of County service or elects and completes the redeposit of withdrawn retirement contributions plus applicable interest. The membership tier will depend on the employee's/member's individual circumstances and prior retirement selection. Employees who are rehired/reinstated with the County after January 1, 2011 are encouraged to confirm their membership status and retirement tier reinstatement options with StanCERA.~~

~~Effective the first full pay period following July 1, 2007, the County shall pay an amount equal to the total of the employee's retirement contribution rate (Basic and COLA) to StanCERA based on the employee's retirement eligible earnings. At this time the employee will no longer pay any portion of their employee retirement contribution rate.~~

**Safety Employees Tier 5 Retirement Plan.** ~~Members of the bargaining unit employed prior to January 1, 2011 and with service retirement credit greater than zero, shall receive upon retirement, three percent (3%) of base salary at age fifty (50) calculated on the single highest twelve (12) consecutive months.~~

**Safety Employees Tier 2 Retirement Plan.** ~~The Tier 2 retirement plan for all newly hired members of the bargaining unit is reinstated effective between January 1, 2011 and December 31, 2012. Safety Tier 2 benefits include the two percent (2%) at age fifty (50) retirement benefit per Government Code Section 31664 and final average compensation calculated on the highest thirty-six (36) consecutive months.~~

**Safety Employees PEPRA Tier 6 Retirement Plan.** ~~Pursuant to California Public Employees' Pension Reform Act of 2013 (PEPRA), the County shall provide the StanCERA Tier 6 retirement plan (2.7% @ 57) for Safety employees hired on or after January 1, 2013. Final compensation will be based on the average of the highest wages earned in any thirty-six (36) consecutive months.~~

Employees who are rehired/reinstated with the County after the implementation of Tier 2 on January 1, 2011 or Tier 6 on January 1, 2013 and have met the necessary membership criteria to be placed in their former retirement tier shall be eligible for placement in that former tier. In general, current legal standards allow rehired employees the opportunity to reinstate into their former retirement tier as long as the individual member either has left his retirement contributions on deposit since his prior period of County service or elects the redeposit of withdrawn retirement contributions plus applicable interest. The membership tier will depend on the employee's/member's individual circumstances and prior retirement selections. Employees who are rehired/reinstated with the County after January 1, 2011 are encouraged to confirm their membership status and retirement tier reinstatement options with StanCERA.

**Public Employees' Pension Reform Act (PEPRA)**

On January 1, 2013 the Public Employees' Pension Reform Act (PEPRA) went into effect. Included in this act is a provision that requires New Members to pay at least 50% of normal cost and prohibits employers from paying this contribution on the employee's behalf, [Govt. Code Sect. 7522.30 (c)]. This measure defines a new member as: an individual who has never been a member of any public retirement system prior to January 1, 2013; an individual who moved between retirement systems with more than a 6-month break in service; and, an individual who moved between public employers within a retirement system after more than a 6-month break in service.

Employee retirement contribution rates are established by the Stanislaus County Employee Retirement Association (STANCERA).

In order to become compliant with PEPRA all members of the bargaining unit will pay the full employee retirement contribution rate and the County will no longer pay the Employer Paid Member Contribution (EPMC). The specific employee retirement contribution will vary for each employee based on their individual retirement tier and age of entry into the retirement system. The current average member contribution for all Safety employees is 13.37% of retirement contributable income. In exchange for the County eliminating the current EPMC, the County will increase base compensation by 1% (one percent) for each 1% (one percent) of the overall average employee retirement contribution that will now be paid by each employee in the bargaining unit. For those safety units where the County currently pays 100% of the employee's retirement contribution, the County will use the overall average 13.37% safety employee contribution rate to calculate the wage increase, for a total base wage adjustment of 13.37% (13.37% x 1%). The parties recognize this wage adjustment and the elimination of the EPMC will have varying impacts on bargaining unit members, as some members will have individual retirement contribution rates below or above the average for all safety members.

The elimination of EPMC and corresponding increase in base wages will occur on EFFECTIVE DATE.

Employees in retirement Tier 4 (formerly Tier 1), shall maintain the retirement benefit known as "30-year pay." Tier 4 employees are eligible for this benefit as determined by StanCERA when an employee has reached thirty (30) years of service and is no longer required to make contributions to the retirement system. The County will use three and three quarters percent (3.75%) as the retirement pick-up amount utilized in the "30-year pay" calculation to determine the level of compensation the employee will receive.

All payments made by the County to StanCERA on behalf of the employee's retirement contribution rate shall be vested in the employee.

**TENTATIVE AGREEMENT**

County Rep. 

Union Rep. 

Date 1-2-14

DSA Negotiations 2014  
Retirement and Public Employees' Pension Reform Act (PEPRA) Clean Up  
**Side letter to be incorporated into the successor MOU.**  
01-02-2014

L. Retirement

1. ~~Members of the bargaining unit employed prior to January 1, 2011 shall receive upon retirement three percent (3%) of base salary at age fifty (50) calculated on the single highest twelve (12) consecutive months.~~
2. ~~The parties agree to reopen the Tier Two retirement plan for all newly hired members of the bargaining unit effective January 1, 2011. Safety Tier Two benefits include the 2% at 50 retirement benefit per Government Code Section 31664 and final average compensation calculated on the highest thirty-six (36) consecutive months.~~
3. ~~Employees who are rehired/reinstated with the County after the implementation of Tier Two on January 1, 2011 and have met the necessary membership criteria to be placed in their former retirement tier shall be eligible for placement in that former tier. In general, current legal standards allow rehired employees the opportunity to reinstate into their former retirement tier as long as the individual member either has left his retirement contributions on deposit since his prior period of County service or elects and completes the redeposit of withdrawn retirement contributions plus applicable interest. The membership tier will depend on the employee's/member's individual circumstances and prior retirement selections. Employees who are rehired/reinstated with the County after January 1, 2011 are encouraged to confirm their membership status and retirement tier reinstatement options with StanCERA.~~
4. ~~Employee retirement contribution rates are established by the Stanislaus County Employee Retirement Association (StanCERA). The County agrees to pay portions of the employee retirement contribution rates for all employees during the term of this agreement as follows:~~
  - a. ~~Effective the first full pay period following February 28, 2006, the County shall pay a portion of the employee's retirement contribution rate (Basic and COLA) to StanCERA equal to three and three quarters percent (3.75%) of the employee's retirement eligible earnings.~~
  - b. ~~Effective the first full pay period following February 28, 2006, the County shall pay an additional one and one half percent (1.5%) of the employee's retirement contribution rate (Basic and COLA) to StanCERA for a total of five and one quarter percent (5.25%) of the employee's retirement eligible earnings.~~
  - c. ~~Effective the first full pay period following January 1, 2007, the County shall pay an additional three percent (3.0%) of the employee's retirement contribution rate (Basic and COLA) to STANCERA for a total of eight and one quarter percent (8.25%) of the employee's retirement eligible earnings.~~

~~d. Effective the first full pay period following July 1, 2007, the County shall pay an amount equal to the total of the employee's retirement contribution rate (Basic and COLA) to StanCERA based on the employee's retirement eligible earnings. At this time the employee will no longer pay any portion of their employee retirement contribution rate.~~

~~5. County contributions towards an employee's retirement contribution rate shall not exceed the actual employee retirement contribution rate being charged by StanCERA at any time. If an employee's retirement contribution rate falls below the amounts provided in Section 4 (A-D), the County contribution amount will be lowered to equal the actual employee retirement contribution rate being charged by STANCERA.~~

**Safety Employees Tier 5 Retirement Plan.** Members of the bargaining unit employed prior to January 1, 2011 and with service retirement credit greater than zero, shall receive upon retirement, three percent (3%) of base salary at age fifty (50) calculated on the single highest twelve (12) consecutive months.

**Safety Employees Tier 2 Retirement Plan.** The Tier 2 retirement plan for all newly hired members of the bargaining unit is reinstated effective between January 1, 2011 and December 31, 2012. Safety Tier 2 benefits include the two percent (2%) at age fifty (50) retirement benefit per Government Code Section 31664 and final average compensation calculated on the highest thirty-six (36) consecutive months.

**Safety Employees PEPRA Tier 6 Retirement Plan.** Pursuant to California Public Employees' Pension Reform Act of 2013 (PEPRA), the County shall provide the StanCERA Tier 6 retirement plan (2.7% @ 57) for Safety employees hired on or after January 1, 2013. Final compensation will be based on the average of the highest wages earned in any thirty-six (36) consecutive months.

Employees who are rehired/reinstated with the County after the implementation of Tier 2 on January 1, 2011 or Tier 6 on January 1, 2013 and have met the necessary membership criteria to be placed in their former retirement tier shall be eligible for placement in that former tier. In general, current legal standards allow rehired employees the opportunity to reinstate into their former retirement tier as long as the individual member either has left his retirement contributions on deposit since his prior period of County service or elects the redeposit of withdrawn retirement contributions plus applicable interest. The membership tier will depend on the employee's/member's individual circumstances and prior retirement selections. Employees who are rehired/reinstated with the County after January 1, 2011 are encouraged to confirm their membership status and retirement tier reinstatement options with StanCERA.

### **Public Employees' Pension Reform Act (PEPRA)**

On January 1, 2013 the Public Employees' Pension Reform Act (PEPRA) went into effect. Included in this act is a provision that requires New Members to pay at least 50% of normal cost and prohibits employers from paying this contribution on the employee's behalf, [Govt. Code Sect. 7522.30 (c)]. This measure defines a new member as: an individual who has never been a member of any public retirement system prior to January 1, 2013; an individual who moved between retirement systems with more than a 6-month break in service; and, an

individual who moved between public employers within a retirement system after more than a 6-month break in service.

Employee retirement contribution rates are established by the Stanislaus County Employee Retirement Association (STANCERA).

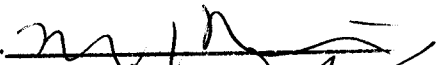
In order to become compliant with PEPRA all members of the bargaining unit will pay the full employee retirement contribution rate and the County will no longer pay the Employer Paid Member Contribution (EPMC). The specific employee retirement contribution will vary for each employee based on their individual retirement tier and age of entry into the retirement system. The current average member contribution for all Safety employees is 13.37% of retirement contributable income. In exchange for the County eliminating the current EPMC, the County will increase base compensation by 1% (one percent) for each 1% (one percent) of the overall average employee retirement contribution that will now be paid by each employee in the bargaining unit. For those safety units where the County currently pays 100% of the employee's retirement contribution, the County will use the overall average 13.37% safety employee contribution rate to calculate the wage increase, for a total base wage adjustment of 13.37% (13.37% x 1%). The parties recognize this wage adjustment and the elimination of the EPMC will have varying impacts on bargaining unit members, as some members will have individual retirement contribution rates below or above the average for all safety members.


The elimination of EPMC and corresponding increase in base wages will occur on *EFFECTIVE DATE*.

6.—**Employees in retirement Tier 4 (formerly Tier 1)**, shall maintain the retirement benefit known as "30-year pay." Tier 4 employees are eligible for this benefit as determined by StanCERA when an employee has reached thirty (30) years of service and is no longer required to make contributions to the retirement system. The County will use three and three quarters percent (3.75%) as the retirement pick-up amount utilized in the "30-year pay" calculation to determine the level of compensation the employee will receive.

7.—~~All payments made by the County to StanCERA on behalf of the employee's retirement contribution rate shall be vested in the employee.~~

**TENTATIVE AGREEMENT**

County Rep. 

Union Rep. 

Date 1/2/14