

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

DEPT: Chief Executive Office

BOARD AGENDA #: *B-11

AGENDA DATE: July 11, 2017

SUBJECT:

Approval of Agreement with the County Attorney's Association for the Conversion of the Employer Paid Member Contributions to Salary as a Result of the Public Employees' Pension Reform Act

BOARD ACTION AS FOLLOWS:

No. 2017-385

On motion of Supervisor Withrow, Seconded by Supervisor Olsen
and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, Monteith, DeMartini, and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

ATTEST: 
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Chief Executive Office

BOARD AGENDA #: *B-11

Urgent Routine

AGENDA DATE: July 11, 2017

CEO CONCURRENCE: 

4/5 Vote Required: Yes No

SUBJECT:

Approval of Agreement with the County Attorney's 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 resulting in an increase in salary of 3.0% for all represented employees with the County Attorney's Association and resulting in a corresponding reduction of 3.0% in County paid retirement contributions.
2. Authorize the Chief Executive Officer or designee and all parties to sign an agreement outlining the recommended changes.
3. Authorize the Chief Executive Officer and the Auditor-Controller to implement all terms and conditions of the approved agreement in compliance with applicable State and Federal Laws.
4. Amend the Salary and Position Allocation Resolution to reflect the recommended changes, as outlined in the Staffing Impacts section of this report, to be effective with the start of the first pay period beginning on or after July 1, 2017.

DISCUSSION:

The County entered into an agreement with the County Attorney's Association (CAA) in 1995 to pay to the retirement system all, or a portion of, the employee's retirement contribution up to a maximum of 3.0% of the employees' salary, vested in the employee. Employees in Tier I and Tier III of the retirement system, who were not making contributions to the retirement system, were to receive the equivalent of 3.0% of their salary in lieu of this 3.0% County retirement contribution. Tier I employees whose retirement contribution was less than 3.0% of his or her salary, would have the difference paid to the employee.

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 employees' 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 six-month break in

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service; and, an individual who moved between public employers within a retirement system after more than a six-month break in service. While PEPRA was effective January 1, 2013, any negotiated agreement for Employer Paid Member Contribution (EPMC) was protected until the current contract expired. During Memorandum of Understanding (MOU) negotiation efforts in 2014, the County and CAA initiated proposals regarding the County's desire to convert existing EPMC to base salary. The parties were unable to reach an agreement to convert EPMC during the term of the current MOU effective July 1, 2014 through June 30, 2018. As such two different compensation levels for employees within the Attorney I/II/III/IV/V classifications have continued to exist, with employees hired after January 1, 2013 receiving less net pay than employees hired prior to that date. Approximately 30 of the 67 positions in the bargaining unit have been hired since January 1, 2013.

In February of this year the County and CAA began to negotiate under a reopener provision of existing MOU language to address salary equity and retention efforts. A tentative agreement has been reached in which the bargaining unit employees currently receiving the EPMC would begin paying the full employee retirement contributions resulting in a decrease in the current 3.0% contribution the County pays for certain employee's retirement contributions. In exchange, the County has agreed to provide a salary increase of 3.0% for all bargaining unit members. This agreement is consistent with the negotiated agreements previously implemented for other County bargaining units who were also receiving EPMC benefits.

Under the existing MOU previously approved by the Board of Supervisors, all CAA bargaining unit members will receive a cost of living salary adjustment of 3.0% effective the first full pay period on or after July 1, 2017. If approved, the requested 3.0% conversion of EPMC to base salary would be in addition to this previously negotiated wage increase and would also be effective the first full pay period on or after July 1, 2017.

The classifications in this bargaining unit are difficult to recruit positions. They require an extensive background process and specialized education and training that make recruiting for these positions a challenge. Retaining existing staff once they have been hired and trained is critical to the success of the operations within the offices of the District Attorney, Public Defender and Child Support Services. This agreement is anticipated to provide assistance in our recruitment and retention efforts by increasing base salary in lieu of EPMC.

The tentative agreement is attached to this agenda item. Unless specifically stated, all negotiated agreements are effective upon approval of the Board of Supervisors. It is recommended to document this exchange in a side letter between the County and the CAA. This side letter will be incorporated into the existing Memorandum of Understanding which expires June 30, 2018.

POLICY ISSUE:

The Board of Supervisors must approve changes to the Salary and Position Allocation and should consider the effect of this labor agreement on the fiscal and policy direction and priorities of the organization.

Approval of Agreement with the County Attorney's Association for the Conversion of the Employer Paid Member Contributions to Salary as a Result of the Public Employees' Pension Reform Act

FISCAL IMPACT:

The County has analyzed both the fiscal impact to the County and employees of the conversion of the current retirement contribution to salary. The recommendation is to provide a 3.0% salary increase for all bargaining unit members with a corresponding 3.0% reduction in County paid retirement benefits for those receiving EPMC. Even with the one-to-one conversion, there will be a potential for reduction in net pay for some employees, based on how tax deductions may apply in individual situations.

Overall County costs will increase as a result of this agreement, due to payroll taxes, retirement contributions and the difference between populations of employees hired before and after January 1, 2013. The new agreement between the County and the CAA is effective the first full pay period after Board approval beginning on or after July 1, 2017. The estimated cost of the agreement is \$200,730 in Fiscal Year 2017-2018. Approximately 86.7% of the estimated costs or \$174,033 is attributed to the General Fund. The related technical adjustments to Department operating budgets will be included as necessary, with the Stanislaus County Recommended Final Budget 2017-2018 to be presented to the Board of Supervisors on September 19, 2017.

BOARD OF SUPERVISORS' PRIORITY:

Approval of this agreement supports the Board's priority of Efficient Delivery of Public Services by ensuring PEPRA compliance and enhancing the County's ability to retain experienced legal staff across several County departments.

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 B.

The conversion of Employer Paid Member Contribution to salary will be effective the start of the first full pay period beginning on or after July 1, 2017.

CONTACT PERSON:

Tamara Thomas, Human Resources Director, 209-525-6333

ATTACHMENT(S):

Attachment A – Tentative Agreement

Attachment B – Current and Recommended Salary Ranges

AGREEMENT
BETWEEN COUNTY OF STANISLAUS
AND
COUNTY ATTORNEY'S ASSOCIATION (CAA)

**RE: CONVERSION OF EMPLOYER PAID MEMBER CONTRIBUTION TO SALARY
AS A RESULT OF THE PUBLIC EMPLOYEES' PENSION REFORM ACT**

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

Whereas, the implementation of the Public Employees' Pension Reform Act has resulted in two different levels of compensation for employees within the Attorney I/II/III/IV/V classification series – those hired prior to December 31, 2012 who would not be required to pay the employee's pension cost and those hired after who would be paying the full employee retirement contribution; and

Whereas, the County and CAA agree the conversion of retirement contribution to salary benefits both parties with a conversion rate based on the average Employer Paid Member Contribution for employees in this bargaining unit.

Now therefore, the parties agree to the following terms and conditions of implementing the conversion of the Employer Paid Member Contribution to Salary as a Result of the Public Employees' Pension Reform Act in Section 8(F) of the Memorandum of Understanding between CAA and Stanislaus County:

Miscellaneous Employees Tier 5 Retirement Plan. The current retirement benefit for members of the bargaining unit employed prior to January 1, 2011 is approximately two percent (2%) at age 55 (per Government Code Section 31676.14), with final average salary calculated on the employee's highest consecutive twelve (12) months of service.

Miscellaneous Employees Tier 2 Retirement Plan. The Tier 2 level of retirement benefits will be reopened for all newly hired members of the bargaining unit effective January 1, 2011 through December 31, 2012. Tier 2 benefits are established per Government Code Section 316761.1 (approximately 2% at age 61) and three (3) year final average salary.

Miscellaneous 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% @ 62) for 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)

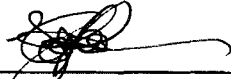
On January 1, 2013 the Public Employees' Pension Reform Act (PEPRA) went into effect. Included in this act is a provision that requires New Members to pay at least 50% of normal cost and prohibits employers from paying this contribution on the employee's behalf, [Govt. Code Sect. 7522.30 (c)]. This measure 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. In exchange for the County eliminating the current EPMC, the County will increase base compensation by 1.0% (one percent) for each 1.0% (one percent) of the overall average 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 3.0% retirement contribution rate to calculate the wage increase, for a total base wage adjustment of 3.0% (3.0% x 1%). The parties recognize this wage adjustment and the elimination of the EPMC will have varying impacts on bargaining unit members. The County will be compliant with all PEPRA regulations.

The elimination of EPMC and corresponding increase in base wages will occur the beginning of the first full pay period on or after July 1, 2017. This will occur in the same pay period in which CAA is receiving a separate three percent (3.0%) base salary increase.

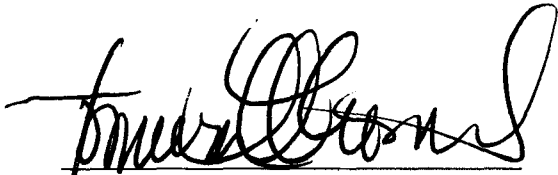
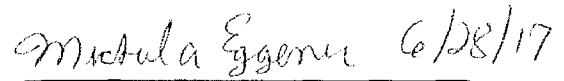
Agreed to this 11th day of July, 2017



Stan Risen
Chief Executive Officer
Stanislaus County



Brad Nix
President
CAA


Tamara Thomas
Human Resource Director
Stanislaus County

Michael Egner
Labor Representative
OE3

Attachment B

Current and Recommended Salary Ranges by Classification

Classification	Step 1	Step 2	Step 3	Step 4	Step 5
Attorney I					
Current	29.62	31.10	32.66	34.29	36.00
Recommended	30.51	32.04	33.64	35.32	37.09

Attorney II					
Current	34.40	36.12	37.93	39.83	41.82
Recommended	35.43	37.20	39.06	41.01	43.06

Attorney III					
Current	39.31	41.28	43.34	45.51	47.79
Recommended	40.49	42.51	44.64	46.87	49.21

Attorney IV					
Current	44.84	47.08	49.43	51.90	54.50
Recommended	46.19	48.50	50.93	53.48	56.15

Attorney V					
Current	50.38	52.90	55.55	58.33	61.25
Recommended	51.89	54.48	57.20	60.06	63.06