

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

DEPT: Chief Executive Office

BOARD AGENDA # \*B-11

Urgent

Routine

AGENDA DATE February 25, 2014

CEO Concurs with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO

SUBJECT:

Approval of Agreement with the Stanislaus Regional Emergency Dispatcher'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 using the average current member contribution resulting in a corresponding increase in salary of 8.25% for all employees in the Emergency Call Taker and Emergency Dispatcher classifications and resulting in a corresponding reduction of 8.25% in County paid retirement contributions.
2. Authorize the Chief Executive Officer or designee and all parties to sign an agreement outlining the recommended changes.

- 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 Stanislaus Regional Emergency Dispatcher's Association (SREDA), this provision would have been effective for new members on July 1, 2014, following the expiration of the contract on June 30, 2014. - Continued on Page 2 -

BOARD ACTION AS FOLLOWS:

No. 2014-85

On motion of Supervisor Chiesa, Seconded by Supervisor Withrow

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.

**RECOMMENDATIONS Continued:**

3. 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.
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 February 22, 2014.

**FISCAL IMPACT Continued:**

Since 1996 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 Stanislaus Regional Emergency Dispatcher's Association (SREDA).

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 Emergency Call Taker and Emergency Dispatcher 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. The recommendation is to provide a one to one conversion of retirement contribution for salary based on the current average contribution for employees of the SDREA or a 8.25% salary increase with a corresponding 8.25% average reduction in County paid retirement benefits. 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 \$63,500 with no impact to the General Fund. The anticipated fiscal impact for the remaining four months of the 2013-2014 Fiscal Year is approximately \$22,000 for all funds. There are currently five vacancies in this unit resulting in cost savings. Any necessary budget adjustments will be addressed as part of the Third Quarter Report to the Board.

Approval of Agreement with the Stanislaus Regional Emergency Dispatcher's Association for the Conversion of the Employer Paid Member Contributions to Salary as a Result of the Public Employees' Pension Reform Act  
 Page 3

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	Five Months 2013/14 All Funds
Stanislaus Regional Emergency Dispatcher's Association	All	43	5	5	8.25%	\$63,500	\$22,000

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 Stanislaus Regional Emergency Dispatcher's Association this provision would have been effective on July 1, 2014 following the expiration of the contract on June 30, 2014.

Since 1996 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 SREDA. The 1996 agreement provided 3.75 percentage points of the employee's contribution be paid by the County. In the 1998 contract, the County agreed to increase the retirement contribution to 6% and in the 2002 contract, the County agreed to increase the retirement contribution to 7.2%. In the 2006 agreement the County agreed to pay the full employee contribution for all members of the SREDA effective in July 2007. Over this period of time, employees have forfeited salary increases in return.

The County and this unit both saw fiscal benefits as a result of the agreement to pay the employees retirement contribution. 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 Emergency Call Taker and Emergency Dispatcher classifications.

Approval of Agreement with the Stanislaus Regional Emergency Dispatcher's Association for the Conversion of the Employer Paid Member Contributions to Salary as a Result of the Public Employees' Pension Reform Act  
 Page 4

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 SREDA. During these meetings a tentative agreement has been reached 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 8.25% equal to the overall average employee member contribution for employees represented by the SREDA. Additionally, on January 22, 2014 the members of the SR911 Joint Powers Authority approved the conversion of the EPMC to salary.

The classifications in this bargaining unit are difficult to recruit positions. They require an extensive background process and specialized 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 our operations. SR911 has hired three full-time Emergency Dispatchers and two full-time Call Takers since January 1, 2013; three more are in the final stages of hiring. Without this recommended agreement, retaining staff hired since the start of 2013 would be difficult. This agreement should provide some assistance in our recruitment and retention efforts.

It is recommended to document this exchange in a side letter between the SREDA and the County. This side letter 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 below:

Classification	Step 1	Step 2	Step 3	Step 4	Step 5
<b>Emergency Call Taker</b>					
Current	19.08	20.03	21.03	22.08	23.18
Recommended	20.65	21.68	22.76	23.90	25.09
<b>Emergency Dispatcher</b>					
Current	21.02	22.07	23.17	24.33	25.55
Recommended	22.75	23.89	25.08	26.34	27.66

Approval of Agreement with the Stanislaus Regional Emergency Dispatcher's Association for the Conversion of the Employer Paid Member Contributions to Salary as a Result of the Public Employees' Pension Reform Act  
Page 5

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

**CONTACT INFORMATION:**

Nancy Bronstein, Chief Executive Office, (209) 525-6333

SREDA Negotiations 2014  
 Retirement and Public Employees' Pension Reform Act (PEPRA) Clean Up  
**Side letter to be incorporated into the successor MOU.**  
 01-30-2014

25. RETIREMENT

TA  
 City - May 12  
 SR 919  
 County Seal

1. ~~The parties agree to the enhanced retirement benefits adopted by the Board of Supervisors on February 12, 2002 for~~  
Miscellaneous Employees Tier 5 Retirement Plan. The current retirement benefit for members of the bargaining unit employed prior to January 1, 2011. ~~The current retirement benefit 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 12 months of service.~~

Miscellaneous Employees Tier 2 Retirement Plan. The Tier Two 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 Two benefits are established per Government Code Section 31676.1 (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 PEPPRA 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 members of this unit is 8.25% 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 the members of this bargaining unit the County will use the average 8.25% retirement contribution rate to calculate the wage increase, for a total base wage adjustment of 8.25% (8.25% 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*.

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, the 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. Employee's who are rehired/reinstated with the County after January 1, 2011 are encouraged to confirm their membership status with StanCERA.

1. ~~Employee retirement contribution rates are established by the Stanislaus County Employee Retirement Association (StanCERA). Effective the first pay period after January 1, 2001, the County agrees to pay portions of the employee retirement contribution rates for all employees. Effective the first full pay period following July 1, 2007, the County agreed to 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.~~
2. ~~Effective July 1, 2007 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. Effective the first full pay period in July 2007 if an employee's retirement contribution rate falls below the amounts provided in Section 3 (A, B & C) the County contribution amount will be lowered to equal the actual employee retirement contribution rate being charged by StanCERA with the exception of the two~~

~~identified tier 4 employees who are currently receiving the difference between their contribution rate and 7.2%. These two employees will continue to have the difference between their retirement contribution rate and 7.2% paid to them.~~

~~3.2. 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 7.2% as the retirement pick-up amount utilized in the "30-year pay" calculation to determine the level of compensation the employee will receive.~~

~~4. All payments made by the County to StanCERA on behalf of the employee's retirement contribution rate shall be vested in the employee.~~