

LABOR RELATIONS STATUS REPORT

Implementation of the
“Three Point Plan”

Background

- Labor Costs
 - Represents 60% of County's budget
 - Negotiations result in contractual obligations
- County's Workforce
 - 2,300 employees
 - 85% represented by 8 Employee Associations

Background - continued

- Labor Relations Program
 - Evaluate effectiveness of program late 2009
 - Identify critical cost drivers
 - Identify opportunities for efficiencies
 - Board of Supervisors approved Three Point Plan

“Three Point Plan”

1. Second Tier Pension Benefit Plan

2. Pension Cost Sharing

3. Prevailing Wage Negotiations

Labor Program Model

- Achieve long-term sustainability of labor & pension costs
- Board of Supervisors – Policy
- Labor Committee – Assists Management Rep
 - Strategy & implementation
- Includes outside chief spokesperson
 - Renne Sloan Holtzman Sakai -consultant
- Management Team
 - HR, Auditor, and Operations

POINT 1:

Second Tier Pension Benefit Plan

- Implemented for over 90% of County's workforce
 - Ongoing negotiations with 2 remaining Associations



Second Tier Pension Benefit Plan_{-cont'd}

- Elements of Tier Two:
 - Retirement formula “roll back”
 - Ex: 2% @ 55 rolled back to 2% @ 60
 - Single highest year vs. 3-year final average
 - 3% COLA with carryover vs. 2% COLA with no carryover

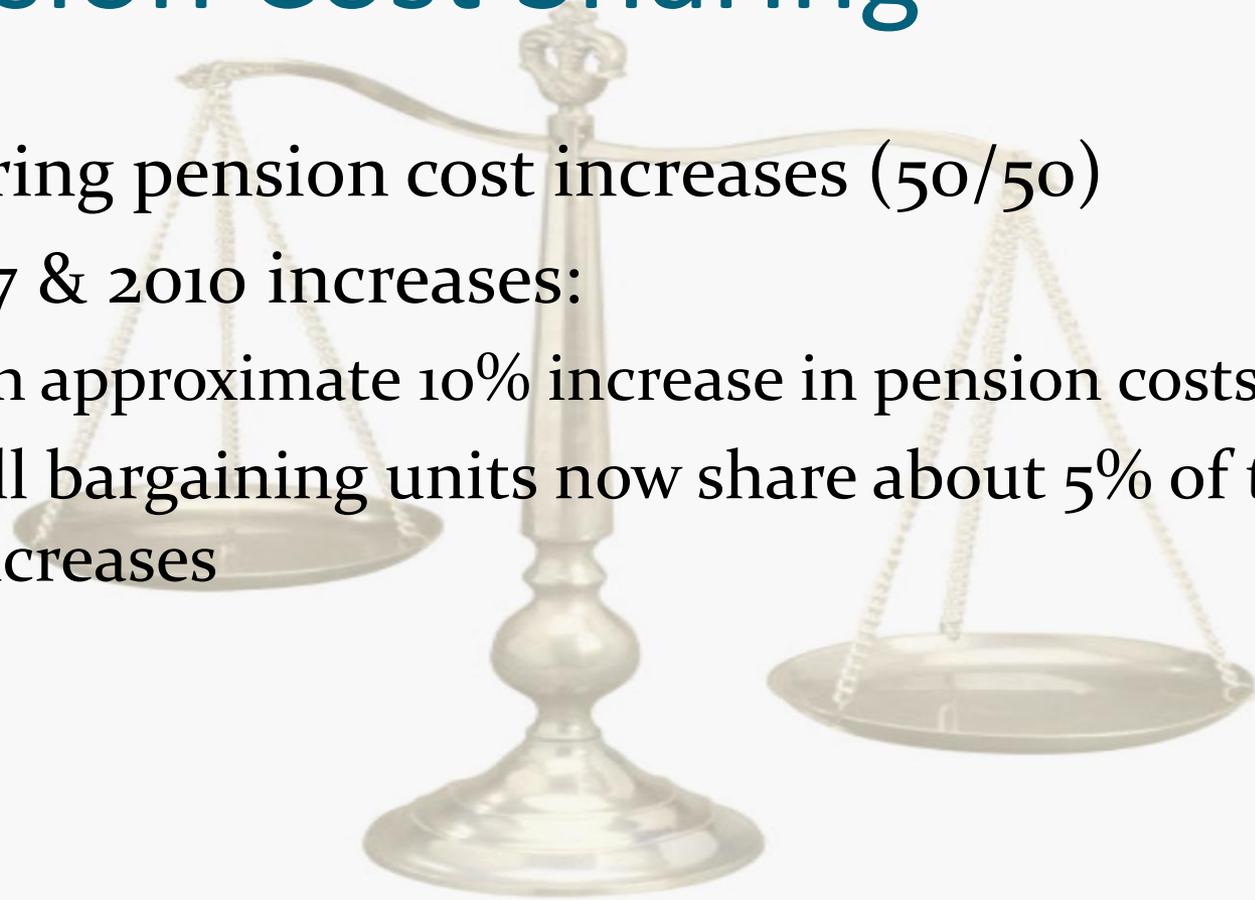
Second Tier Pension Benefit Plan_{-cont'd}

- Savings
 - Approximate 15% savings
 - \$25 million longer term annual County savings in 20-30 yrs
 - Increased take-home pay for Tier 2 employees
 - \$782,000 current and ongoing annual savings
 - To date, 115 new employees in second tier
 - Ongoing savings increase with second tier hiring



POINT 2:

Pension Cost Sharing

- Sharing pension cost increases (50/50)
 - 2007 & 2010 increases:
 - An approximate 10% increase in pension costs (\$16M)
 - All bargaining units now share about 5% of those increases
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Pension Cost Sharing – cont'd

- All negotiated MOUs also contain either:
 - Pension sharing of future increases or
 - Contain a contract re-opener
- Annual, ongoing County cost avoidance of \$8.0 million



POINT 3:

Prevailing Wage Negotiations

- Previous practice regarding prevailing wage
 - Automatic annual formulaic wage increases
 - Obligation to comply regardless of economic conditions
- New method to comply with Ordinance
 - Eliminate automatic formulaic wage increases
 - Use County's financial situation as basis for negotiations
- In process
 - Expand list of comparator organizations
 - Include private industry data

Prevailing Wage Negotiations – cont'd

- Savings
 - All units: \$0 wage increases for at least one year
 - Many agreed to multiple year contracts with \$0 wage increases
 - An additional 1% salary increase = \$2.25 million annually
 - 2006-2010 average PWA: 3.79% = \$8.5 million annually
 - Cost avoidance to date: \$17.0 million (2010 and 2011)

Summary of Savings

	<i>TOTAL CATEGORY SAVINGS</i>
Second Tier Savings	\$782,105
Concessions Per Contract	\$900,863
Prevailing Wage Avoided (based on 3.79% avg PWA)	\$17,055,000
Pension Cost Sharing	\$7,978,132
<i>TOTAL SAVINGS BY YEAR</i>	\$26,716,100

Thank You!

- Employees
- Board of Supervisors
- Labor Committee
- Management Team

