

ATTACHMENT B

**AMENDMENT OF THE 2011-2013 MEMORANDUM OF UNDERSTANDING
BETWEEN THE COUNTY OF SAN LUIS OBISPO AND
THE LUIS OBISPO COUNTY DEPUTY SHERIFFS' ASSOCIATION,
SUPERVISORY LAW ENFORCEMENT**

This Amendment is entered into as of October 15, 2013, by and between the County of San Luis Obispo (hereinafter referred to as "the County"), and the San Luis Obispo County Deputy Sheriffs' Association (hereinafter referred to as "DSA"), Supervisory Law Enforcement Unit (BU14). In this Amendment, the term "parties" refers to the County and DSA.

The parties agree that pursuant to Article 29, Full Understanding, Modification, Waiver of the 2011-2013 Supervisory Law Enforcement Unit (BU14) Memorandum of Understanding (MOU), Article 2, TERM, Article 6, SALARIES, Article 7, RETIREMENT CONTRIBUTIONS, Article 9, RETIREMENT, Article 10, HEALTH COVERAGE AND OTHER BENEFITS, and Article 22, HOLIDAYS are hereby amended to read as follows:

2. TERM

The County and the Association agree that the term of this Agreement commences on July 1, 2013, and expires and is otherwise fully terminated on June 30, 2015.

6. SALARIES

6.1 Salary Schedule

6.1.1 The parties agree that as of the effective date of this Agreement, the base salary ranges for employees in the classifications listed below are:

BU	Class	Title	Range	Monthly Amts (Step 1 – Step 5)
14	335	Sheriff's Correctional Sgt	3866	\$6,701 - \$8,145
14	5000	Sheriff's Dispatcher Supv	3481	\$6,034 - \$7,335

6.2 Wage Provisions

6.2.1 There shall be no increases in salary for unit employees during the term of this Agreement.

6.2.2 The parties agree that the salary setting process described herein complies with the requirements of County Code Section 2.48.180, which section is also known as the County Prevailing Wage Ordinance.

6.3 Prevailing Wage Negotiations-Universe and Data Points Only

6.3.1 On or before January 1, 2015, the parties shall commence negotiations to determine appropriate comparator organizations and salary and benefit data to be collected for purposes as described in Section 6.4.4.

6.4 Market Wage Study

6.4.1 To prepare for the negotiations described in Section 6.3, the County shall conduct a compensation study for the classifications included in Bargaining Unit 03 Law Enforcement, Bargaining Unit 14 Supervisory Law Enforcement, Bargaining Unit 21 Non-Safety Law Enforcement, and Bargaining Unit 22 Dispatchers. The compensation study shall include the following benchmark classifications: Sheriff's Correctional Deputy, Sheriff's Dispatcher, and Crime Prevention Specialist. The County will work with the Association in advance of gathering salary data to discuss the appropriate classifications in other jurisdictions for purposes of data gathering. Failure to reach agreement on appropriate comparison classifications shall not impede the County from data gathering.

6.4.2 Wage and benefit data shall be collected from the following employers for comparable classifications:

6.4.2.1 Local Employers: City of San Luis Obispo, State of California, and Cal Poly

6.4.2.2 California Counties: Fresno, Kern, Kings, Monterey, Santa Barbara, Ventura, El Dorado, Sonoma, Placer, and Santa Cruz

6.4.2.3 Private sector employer data from within San Luis Obispo County where determined appropriate by the County

6.4.2.4 The County believes that the Employers identified in 6.4.2.1 – 6.4.2.3 are appropriate for purposes of setting prevailing wage. The Association asserts that the prior comparables (5 Counties, i.e., Monterey, Santa Barbara, Santa Cruz, Napa and Marin) are appropriate for purposes of setting prevailing wage. For purposes of study and subsequent negotiations, the parties agree that the jurisdictions identified by each party shall be included in data gathering.

6.4.3 The salary and benefit data that shall be collected includes:

6.4.3.1 Top step base salary

6.4.3.2 Employer pick-up of employee's share of retirement

6.4.3.3 Employer contributions to health insurance

6.4.3.4 Uniform allowance

6.4.3.5 Education incentive

6.4.4 The County will complete the market wage study and will provide it to the Association as soon as administratively feasible with a target date of November 1, 2014. This study will include a chart showing the standing of the DSA bargaining unit based on the County's selected comparables and will also include a chart showing bargaining unit standing based on the five Counties referred to in 6.4.2.4. The parties will then review, discuss and attempt to agree upon the appropriate list of jurisdictions, in order to guide successor negotiations for the successor Agreement. Any disagreements between the parties on this point will be addressed in successor negotiations.

6.4.5 For purposes of opening proposals covering the time period commencing July 1, 2015, the content of the wage study described above shall not limit the ability of either party to make such wage proposals and present such additional data as they see fit.

7. RETIREMENT CONTRIBUTIONS

7.1 Pension Pick-Up

7.1.1 The County agrees to continue to "pick-up" a portion of the Tier 1 and Tier 2 safety employee's contribution to the County's Employees Retirement Plan by a plan whereby the County will pay seven percent (7%) of the pensionable wages.

7.1.1.1 For "new members," as defined by the Public Employees' Pension Reform Act (PEPRA), on or after the pay period that includes July 1, 2013, the County shall discontinue the seven percent (7%) employer "pick-up" of the safety employees' contribution to the County's Employees Retirement Plan. "New members" on or after the pay period that includes July 1, 2013 shall be responsible for the full employee share of pension contributions.

7.1.2 The County agrees to continue to "pick-up" a portion of the Tier 1 and Tier 2 non-safety employee's contribution to the County's Employees Retirement Plan by a plan whereby the County will pay four and two-tenths percent (4.2%) of the pensionable wages.

7.1.2.1 For “new members,” as defined by the Public Employees’ Pension Reform Act (PEPRA), on or after the pay period that includes July 1, 2013, the County shall discontinue the four and two-tenths (4.2%) employer “pick-up” of the non-safety employees’ contribution to the County’s Employees Retirement Plan. “New members” on or after the pay period that includes July 1, 2013 shall be responsible for the full employee share of pension contributions.

7.1.3 These amounts paid by the County, referred to in Sections 7.1.1 and 7.1.2, are for a portion of the unit member’s contributions and are paid by the County to partially satisfy the employee’s obligation to contribute to the County Pension Trust.

7.1.4 It is understood and agreed that the principal motivation of the parties in providing for the County’s partial "pick-up" of employee retirement contributions as provided in 7.1.1 and 7.1.2 above is to accommodate the desire of the Association to achieve its expectations for more favorable tax consequences under the approach contained in this Agreement than would be available to its members under the simpler method of deducting employee contributions for these benefits from the taxable wages or salaries of unit members.

7.1.5 Unit members shall have no option to receive the contributed amounts directly instead of having them paid by the County to the Pension Trust on behalf of the unit members.

7.1.6 The parties agree that the County’s "pick-up" of employees’ Pension Trust contributions is based on County of San Luis Obispo Employees’ Retirement Plan section 5.03 and the tax treatment permitted by California and Federal law including state statutes and regulations and federal statutes, regulations, and revenue rulings. It is understood that these laws may be altered by the law making bodies and agencies and such a contingency is beyond the control of the parties.

7.1.7 Association shall defend, indemnify and save harmless the County of San Luis Obispo, its officers, agents and employees from any and all claims, demands, damages, costs, expenses, or liability, including, but not limited to, liability for back taxes, and all claims of any type by the Internal Revenue Service, the California Franchise Tax Board, unit members, or their heirs, successors, or assigns arising out of this Agreement to partially pay the employees’ contribution to the County Pension Trust.

7.2 Employee Pension Changes

7.2.1 For Tier 1 and Tier 2 Members, effective the pay period including January 1, 2014, the employee pension contribution rate for non-safety employees in Bargaining Unit 14 shall increase by 0.48%. The County’s appropriation rate shall also increase by 0.49%.

7.2.2 For Tier 1 and Tier 2 Members, effective the pay period including January 1, 2014, the employee pension contribution rate for safety non-sworn employees in Bargaining Unit 14 shall increase by 0.60%. The County's appropriation rate shall also increase by 0.61%.

7.2.2.1 The increase in pension costs commencing the pay period including January 1, 2014 for Tier 1 and Tier 2 members shall not apply to Tier 3 members.

7.2.3 For subsequent years of the Agreement, any increases in pension costs shall be split equally (50/50) by the parties for Tier 1, Tier 2 and Tier 3, as adopted by the Board of Supervisors after receipt of actuarial data. Any resulting pension rate increase shall be implemented during the pay period including January 1 or July 1 during the year of the increase as determined by the County.

7.2.4 For the term of this Agreement only, unit members' fifty percent (50%) share of increases shall not exceed 2.5%. Any increase above the aforementioned 2.5% shall be included in determining the employee share of pension increases in subsequent years.

9. RETIREMENT

9.1 Tier 1 Retirement

9.1.1 The San Luis Obispo County Employees Retirement Plan will continue to provide for reciprocal benefit treatment with P.E.R.S., P.E.R.S. contract agencies, and County "37 Act" Retirement Systems, provided, however, that any Plan amendments which may be necessary to maintain that status shall require approval of both parties.

9.1.2 Effective July 3, 2005, a pension enhancement of 3% @ 55, with a 90% benefit cap, and Single Highest Year was established for safety members of this unit.

9.1.3 Effective July 3, 2005 a pension enhancement of 2% @ 55, with an 80% benefit cap, and Single Highest Year was established for non-safety members of this unit

9.1.4 Deferred Retirement Option Plan (DROP)

9.1.4.1 Parties agree that personnel currently employed by the County in DSA represented units are eligible to participate in the Pension Trust Deferred Retirement Option Plan (DROP) for members of the Pension Trust. Guidelines for the DROP plan have already been established and have been modified by the County to allow for participation by members of DSA represented units. The DROP plan provides employees who are eligible for retirement to continue to work for the County after entering into Deferred Retirement status during which the employee's

retirement allowance will be paid into a DROP plan account. An employee enrolled into the DROP plan retains all rights, privileges and benefits of being an active County employee, except as specifically modified in a DROP Plan Document. The employee enrolled in the DROP plan continues to be eligible for the active employee Cafeteria 125 Plan benefits and is not eligible for retiree health benefits. Under the DROP plan, the employee's individual monthly service retirement allowance, along with agreed upon employee contributions and other supplemental benefits and adjustments will be deposited into an account maintained for the employee under the provisions of the DROP plan. The employee's Pension Trust Service Retirement Allowance shall be calculated on the date that the employee enters the DROP plan and is not recalculated at the time the employee actually terminates permanent employment with the County.

9.1.4.2 Upon entering the DROP plan, the employee's and the employer's contributions to the Pension Trust cease being paid to the Pension Trust. Employee contributions to the DROP plan shall be made on a pre-tax basis, pursuant to all applicable laws. These monies are deposited into the DROP plan account and are distributed to the DROP plan participant upon termination of permanent employment with the County or the expiration of the DROP plan period, whichever occurs first. A member may enroll in the DROP plan for a period not to exceed 5 years.

9.1.4.3 DSA shall defend, indemnify and save harmless the County of San Luis Obispo and the Pension Trust, its officers, agents and employees from any and all claims, demands, damages, costs, expenses, or liability, including, but not limited to, liability for back taxes, and all claims of any type by the Internal Revenue Service, the California Franchise Tax Board, unit members, or their heirs, successors, or assigns, arising out of this Agreement to implement the Deferred Retirement Option Plan (DROP).

9.1.5 Parties agree to allow for the purchase of Military Service Credit, as specified in the San Luis Obispo Pension Trust Plan, Section 2.12.5. Such purchase shall be allowed at employee expense and at zero County cost.

9.2 Tier 2 Retirement

9.2.1 Effective September 4, 2011, a second tier plan was established for all new hires and includes the following major benefit provisions:

- 9.2.1.1** Retirement formula 2.7% @ 55 (safety non-sworn); 2% @ 60 (non-safety);
- 9.2.1.2** 90% benefit cap;
- 9.2.1.3** 2% COLA, no carryover;

9.2.1.4 No deferred retirement option plan (DROP);

9.2.1.5 3 year average final compensation

9.3 Tier 3 Retirement

9.3.1 Effective January 1, 2013, a third tier plan was established for all “new members,” in compliance with the Public Employees’ Pension Reform Act (PEPRA).

9.3.2 “New members,” as defined by the Public Employees’ Pension Reform Act (PEPRA), shall be eligible for retirement formula as outlined in PEPRA and as defined in Articles 29 and 30 of the San Luis Obispo County Pension Trust Plan, known as Tier 3 for all County employees.

10. HEALTH COVERAGE AND OTHER BENEFITS

10.1 General Provisions

10.1.1 County has the right to change medical, dental, and/or vision providers during the course of this agreement.

10.1.2 Under the Public Employees Medical and Hospital Care Act (PEMHCA), the County is required to provide a minimum monthly employer contribution to employee health coverage for employees enrolled in CalPERS Health Insurance. This minimum monthly contribution is specified by CalPERS.

10.1.3 Under this Agreement for those employees who elected County medical insurance under this section, the County will contribute a total of \$775 per month. This amount equals the PEMHCA required employer minimum contribution plus the Cafeteria Plan Allowance. This contribution is as follows:

PEMHCA Minimum Contribution + Cafeteria Allowance = \$775 per month

10.1.4 For those active employees who opt out of County sponsored medical insurance, the County shall contribute only the Cafeteria Plan Allowance specified in section 10.4.

10.1.5 Domestic partners, as defined by California Family Code Section 297, shall be eligible for dependent coverage under the County’s health insurance program.

10.2 PEMHCA Required Monthly Contribution

10.2.1 For each employee enrolled in a County medical insurance plan, the County will contribute the minimum monthly employer contribution required under PEMHCA. For calendar year 2013, the minimum monthly employer contribution is \$115. For future years, the minimum monthly employer contribution shall be determined by CalPERS.

10.3 Cafeteria Plan Allowance

10.3.1 The County agrees to maintain a Cafeteria Plan, pursuant to Section 125 of the Internal Revenue Code, for the purpose of providing employees with access to various health and welfare benefits. The Plan provides participants the opportunity to purchase certain benefits on a pretax basis, including, but not limited to, medical insurance, vision insurance, and dental insurance benefits. Also pursuant to Section 125 of the Internal Revenue Code, participants may participate in flexible spending accounts to be used for out-of-pocket medical expenses and dependent care expenses on a pretax basis.

10.3.2 Except as otherwise stated herein, the County will contribute a monthly Cafeteria Plan Allowance of \$660 per employee enrolled in a County medical insurance plan plus the required PEMHCA contribution referred to in section 10.2.1 above.

10.3.3 For calendar years 2014 and 2015, the \$660 Cafeteria Plan Allowance shall be changed by any combined corresponding changes in the minimum employer contribution under PEMHCA so that the total of PEMHCA contribution and Cafeteria Plan Allowance remains \$775 per month.

10.4 Employees Not Enrolled in a County Medical Insurance Plan (Opt Out)

10.4.1 Employees will be enrolled in one of the medical plans offered by the County, unless they opt out of participation following submission of proof of alternative medical insurance coverage and maintain such coverage during the opt out period. All employees are required to participate in employee-only vision and dental.

10.4.2 For employees who elect to opt out prior to January 1, 2014, the following provisions shall apply:

10.4.2.1 The County will pay a capped cafeteria amount of \$660 per month to each employee who elects to "opt out" of a County-sponsored medical plan.

10.4.2.1.1 This capped cafeteria amount shall decrease commensurately with any increases in PEMHCA for as long as the employee continues to opt out after January 1, 2014.

10.4.2.2 If employee who has opted out later elects to enroll in a County-sponsored medical plan, provisions 10.1 through 10.3 shall apply.

10.4.3 For any employee who elects to opt out of a County-sponsored medical plan on or after January 1, 2014, the following provisions shall apply:

10.4.3.1 The County will pay the cost of vision and dental premiums for employee, employee plus one dependent, or employee plus family, as applicable.

10.4.3.2 Employees shall receive no cash out.

10.4.3.3 If employee who has opted out later elects to enroll in a County-sponsored medical plan, provisions 10.1 through 10.3 shall apply.

10.5 Other Cafeteria Plan Provisions

10.5.1 The parties agree that the current Cafeteria Plan requires that County benefit contributions be spent in the following order: employee-only vision; dependent vision, if any; employee-only dental; dependent dental, if any; employee-only medical insurance (except as otherwise noted in Section 10.3.3), and dependent medical, if any. The County's obligation to make these contributions shall not exceed the total Cafeteria Plan contributions in Section 10.3.2 and 10.3.3.

10.5.2 The parties agree that the Cafeteria Plan Allowance provided for in this Agreement was negotiated for the benefit of those persons who remain in County employment and was not intended to apply to former employees who leave County employment as of the date the Board of Supervisors approves this Agreement.

10.6 Health Plan Committee

10.6.1 One of DSA's unit members will participate in a Management-chaired Health Care Plan Committee, and shall have complete authority to act on behalf of DSA on Health Care Plan Committee business. This individual will be allowed release time for Health Care Plan Committee meetings as deemed necessary by the Chairperson. It shall be the responsibility of said member and said Committee to:

1. Meet as often as is reasonably necessary.
2. Monitor health care plans.
3. Make cost containment recommendations.
4. Make future recommendations concerning rates.

10.7 Pro-ration of Benefits

10.7.1 Part-time employees hired after February 7, 2006, will receive pro-rated cafeteria plan contributions based on hours worked, paid leave and/or time off granted under the Voluntary Time Off Program (VTO). Pro-ration will be applied to the Cafeteria Plan Allowance indicated in Section 10.3.

10.7.2 Employees employed with the County on or before February 7, 2006, including all part-time and full-time employees, shall be grandfathered to receive, for the entirety of their County employment, the full Cafeteria Plan Allowance as specified in Section 10.3.

10.7.3 Any current employee employed with the County on or before February 7, 2006, that separates from County employment due to layoffs, who is subsequently reinstated or reemployed pursuant to Civil Service Rules, will resume receiving the full Cafeteria Plan Allowance as specified in Section 10.3 of this Agreement.

10.7.4 Departments shall not work part-time employees more than 210 hours above their allocated hours without the approval of the Office of the County Administrator.

22. HOLIDAYS

22.1 County Code Reference and Exceptions

22.1.1 County Code Section 2.44.070, Holidays and Time Off, providing for the terms and conditions controlling use of paid holidays for all permanent and probationary employees of this Unit during the term of this Agreement shall be continued. The County's holidays for this Unit shall be:

1. January 1 (New Year's Day);
2. The third Monday in January (Martin Luther King Day);
3. February 12 (Lincoln's Birthday);
4. The third Monday in February (Washington's Birthday);
5. The last Monday in May (Memorial Day);
6. July 4 (Independence Day);
7. First Monday in September (Labor Day);
8. The second Monday in October (Columbus Day);
9. November 11 (Veterans Day);
10. That day in November designated as Thanksgiving Day;
11. The Friday in November immediately following the day designated as Thanksgiving Day;
12. December 25 (Christmas Day);
13. All other days as may be proclaimed by the County's Board of Supervisors.

22.1.2 The parties agree that on May 24, 2005, the Board of Supervisors established a personal leave day (8 hours) for DSA represented employees in exchange for elimination of Admissions Day (September 9) as a paid holiday. The personal leave day granted in exchange for observing September 9 (Admissions Day) will be allowed to be used at anytime during the current fiscal year and available personal leave will be displayed on individual employees' leave statement. Only permanent status employees are eligible and permanent status part-time employees shall take personal leave on the same pro rata basis as their part-time schedule bears to the full work schedule of their department. This personal leave day cannot be accrued and will be lost unless utilized during the fiscal year.

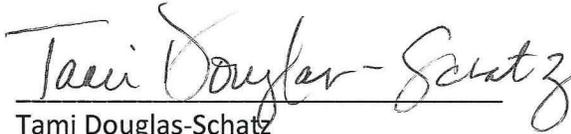
22.1.3 At such time when all other employee organizations representing County employees have agreed, the County reserves the right to update County Code 2.44.070, Holidays and Time Off, to provide that the holidays designated as Lincoln's Birthday and

Veterans Day shall be observed either on a Monday or a Friday of the week on which the holiday falls.

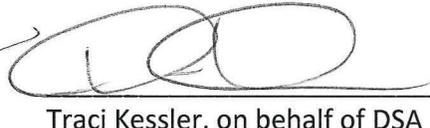
(SIGNATURES APPEAR ON THE FOLLOWING PAGE)

For the County:

For DSA:



Tami Douglas-Schatz
Human Resources Director



Traci Kessler, on behalf of DSA

Dated: 10/15/13

Dated: 10/15/13

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel



By: Timothy McNulty
Assistant County Counsel

Dated: 10.15.2013