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January 28, 2014

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, California 93009

**Subject: Adoption of the 2014-2017 Memorandum of Agreement
between the County of Ventura and the Ventura Employees Association**

Recommendations:

It is recommended that your Board:

1. Hold a second public hearing on the adoption of the Memorandum of Agreement (MOA) between the County of Ventura and the Ventura Employees Association; and
2. Adopt the terms of the Memorandum of Agreement at the conclusion of the hearing.
3. It is recommended that your Board approve a one-time payment of \$750 to one regular full-time employee previously represented by Ventura Employees Association.

Fiscal/Mandates Impact:

Mandatory:	No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>
Source of Funding:	All funds
Funding Match Required:	No
Impact on Other Departments:	Varies

Summary of Fiscal Impact:

	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
Total Cost	\$160,323	\$254,885	\$217,617

In accordance with Government Code Sections 31515.5 and 23026, the proposed salary and benefit increases as approved will have no material impact on the funding status of the retirement system. The average fiscal year value of the contract over three years is approximately two and one fifth percent (2.20%).

This is significantly below the actuarially assumed increase of approximately four percent (4%). The overall salary and benefit increases for the past four years for Ventura Employees Association represented employees have been below the four percent (4%) assumption.

Background:

While the County of Ventura's (County) budget for 2012-13 was structurally balanced, the County's five year fiscal projection indicates two more years of projected shortfall. The recent changes to the retirement actuarial assumptions (interest rate and demographics) increased the required retirement contribution by \$17 million this fiscal year. Efforts have been made to mitigate the increasing retirement costs by increasing the existing employee's retirement contribution to three percent (3%) and four percent (4%) for newly hired employees effective on June 27, 2010.

It is recognized that there has been no pay/salary increases with Ventura Employees Association since 2009 (except for merit increases). If approved by your Board, the Agreement will provide pay and benefit increases for each year of the proposed three year term. The proposed salary and benefit increases are fiscally sustainable, given the improvement in general purpose revenue, including property tax, projected slowing of retirement costs, salary savings from the employees increased retirement contribution requirement and due to the collaborative support from our employees in achieving cost savings.

The proposed MOA will provide and address pension reform, enhance transparency in the compensation structure, preserve current service levels to the public, and assist in the County's efforts to recruit and retain a skilled workforce through competitive wages. The proposed increases in the flex credit allowance will help our employees with their out of pocket costs due to increasing health insurance premiums. Further, in order to provide more transparency as it relates to employee compensation, the proposed Agreement will provide a one-time salary adjustment to offset an increase in employee-paid retirement contributions, which will be equal to 50% of the actuarially determined normal pension cost.

Discussion:

Formal negotiations to discuss a successor agreement to the 2010-2012 MOA between the County and VEA began on October 14, 2013 with the parties having participated in six bargaining sessions. The parties made a good faith effort to agree upon the terms of a successor agreement and reached a tentative agreement on December 18, 2013 that was ratified by VEA membership on January 7, 2014.

The proposed term of the MOA will be effective January 28, 2014 with an expiration date of midnight on January 27, 2017 and will provide for:

- one-time payment on February 21, 2014 of \$750 for full time employees and \$600 for part time employees, plus, as a result of both parties practical inability to ratify/approve Agreement at an earlier date, an additional \$48 to essentially provide the full value of the flex credit amount.
- one percent (1%) increase to the salary range of each classification covered by the MOA and a one percent (1%) market base adjustment (if the classification is 3% or more behind market, based on a market study to be conducted on August 8, 2014) on November 23, 2014;
- three percent (3%) increase to the salary range of each classification covered by the MOA on November 22, 2015;
- \$12 per pay period increase in the flex credit allowance starting on February 2, 2014 and a second \$12 per pay period increase in the flex credit allowance starting on December 7, 2014;
- one-time salary increase as an offset to the employees' increase in retirement contribution payments equal to 50% of the normal pension cost effective on July 6, 2014;
- Veteran's Day as a paid assigned holiday starting on November 11, 2014;
- changes in benefits to effect pension reform: educational incentive conversion to 401 (k) for newly attained degrees starting on February 1, 2015, and vacation redemption limits in frequency cashable hours for new hires;
- changes in determining time worked in calculating overtime (exclude paid time off in time worked) based on the standards of Fair Labor Standards Act (FLSA)


The aforementioned one-time \$750 payment is payable to all VEA-represented employees covered by the proposed Agreement on January 28, 2014. However, one VEA-represented regular full-time employee was promoted to a management classification on November 10, 2013, before the eligibility determination date for the VEA payment and after the August 17, 2013 eligibility deadline for the same payment under the Management resolution. As a result, based on current language, this employee stands to not receive a one-

time \$750 payment. But for the timing of their promotion, this employee was eligible for and would have received a \$750 one-time payment. Therefore, we are now requesting your Board's approval to allow the Auditor-Controller's Office to process the one-time payment for the regular full-time employee listed in the attached exhibit in addition to all other eligible VEA members.

Our office recommends that your Board hold a second public hearing on the adoption of the MOA and adopt the terms of the MOA at the conclusion of the hearing.

This letter has been reviewed by the County Executive Office, the Auditor-Controller's Office and County Counsel. If you have any questions regarding this item, please call me at 654-5088.


Catherine D. Rodriguez
Assistant CEO/Labor Relations Director


Michael Powers
County Executive Officer

cc: Matt Carroll, Assistant County Executive Officer
Jeff Burgh, Assistant Auditor- Controller
Leroy Smith, County Counsel
Ventura Employees Association

Attachments:

Exhibit 1- Summary of Changes to MOA

Exhibit 2- VEA MOA 2014-2017

Exhibit 3- Employee to Receive a One-Time Payment of \$750