

**EXECUTIVE OFFICER'S AGENDA REPORT
APRIL 28, 2010**

TO: LAFCO Commissioners
FROM: Marjorie Blom, Executive Officer *MB*
SUBJECT: Consideration and Adoption of the Proposed LAFCO Budget for FY 2010-2011

BACKGROUND

LAFCO is an independent commission established in each County by the State legislature. The Cortese-Knox-Hertzberg Local Government Reorganization Act establishes the specific funding methods and process for the annual LAFCO budget. The Commission is funded equally by the County, and its nine cities. The County Auditor will allocate and charge LAFCO's final net budget, upon its adoption, to all participating local agencies as outlined under Government Code Section 56381(b).

Adopting the LAFCO budget is the responsibility of the Commission. The statutes governing LAFCO and directing its operations do not require approval of the financial program by the County or other local agencies. Section 56381(a) of the Government Code provides that:

- The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1, and final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter.
- The commission shall transmit its proposed and final budgets to the board of supervisors, to each city, and to each independent special district.

PROPOSED COST REDUCTION STRATEGIES FOR FY 2010-2011

LAFCO Staff met with County Budget Staff on February 22, 2010, and April 5, 2010, to review and discuss the following: County's labor cost reductions strategies for Fiscal Years 2010-11 and 2011-2012; proposed changes to the STANCERA employer retirement contribution rates; and estimated County Cost Allocation Plan (CAP) charges. In addition, the Executive Officer subsequently met with Chair DeMartini to discuss County and LAFCO budget strategies for the next fiscal year(s).

LAFCO Staff also participated in County Budget meetings for unrepresented Management and Confidential employees held in February and March 2010, respectively. As a result of these meetings, the following was determined:

Continued Participation in a Furlough (Salary Reduction) Program:

On April 6, 2010, the County Board of Supervisors approved several labor cost reduction strategies for County employees for Fiscal Years 2010-2011 and 2011-2012, in order to address many of the budget challenges the County (and many agencies) continue to face.

These strategies include: 1) a five percent (5%) across-the-board salary reduction program for all County employees; 2) a voluntary employee retirement incentive program; and 3) changes in

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the County retirement tier for future unrepresented employees hired after December 31, 2010. (See attached Board Resolution No. 2010-195.)

With regards to the 5% salary cost reduction program, employees will be granted "Special Approved Leave Time", or corresponding unpaid time off equal to 104 hours (13 days), over each of the next two fiscal years. However, an exemption clause was included for retiring employees, and as your LAFCO Clerk has submitted her retirement notice, she will not be subject to this program. (As the Commission is aware, LAFCO staff currently participates in a voluntary Furlough Program for this Fiscal Year 2009-2010.)

The County also approved a voluntary separation/retirement incentive program for employees who may be eligible to retire, however the provisions under this program would not be suitable for LAFCO based on the following: 1) the cost of the incentive benefit of up to \$25,000, which must be paid out of existing department appropriations in FY 2010-11; and 2) staffing impacts associated with the required deletion of the vacated position.

Additional Proposed Cost Reduction Measures:

- Continued Suspension of: 1) Pay for Performance Bonuses; 2) Professional Development; 3) Education Reimbursement Program; and 4) Vacation Cash Outs (except under specified circumstances such as employees leaving service, or employees who have submitted documented notice of intent to retire).
- Reduction or Suspension of Travel and Education, and/or Other Travel Line Items (excluding costs associated with mandatory training and/or in-county travel related to field inspections).

Future Year Budget Projections:

Staff has taken into consideration a two year forecast to evaluate future budgetary scenarios which have also played a role in developing the Proposed Budget for FY 2010-11. The most important assumptions are as follows:

- Balancing increases in retirement contribution rates, employee health benefit costs, unemployment insurance and workers compensation rates, with Staff's continued participation in voluntary (FY 2009-10) and mandatory (2010-11 and 2011-12) salary cost reductions and subsequent unpaid furloughs days, and possible under-filling of the LAFCO Clerk position in FY 2011-12;
- Assuming the economic downturn would continue resulting in no significant increase in billable application activities or filing fees;
- Non-billable (unfunded) mandated projects would be required to be completed, pursuant to State law; and
- Unrestricted fund balance would continue to be seriously depleted or altogether exhausted.

While Staff is not recommending any changes to the current practice of utilizing net budget off-sets (e.g. fund balance) to reduce agency contributions at this point and time, it must be noted that the prolonged use of the fund balance over the years, as a routine and predictable funding

source, has largely been predicated on peaks in billable projects.

Overall, this practice will eventually result in lower than expected agency contribution rates and the inability to effectively build financial reserves. The current LAFCO reserve is less than 3.5 percent of the overall adopted budget – which will be nearly depleted by future employee cash-out during FY 2010-11.

PROPOSED BUDGET – FY 2010-2011

The total Proposed Budget for Fiscal Year (FY) 2010-2011 is \$384,752, which includes the above described cost containment measures in order to limit and/or decrease budgetary growth.

Table 1, as shown below compares the current adopted budget, with overall baseline assumptions which were derived from the following sources: County Salary Projection Summary Report; County Cost Allocation Plan (CAP) Charges; and expected employee cash-out liability (Intra Fund).

**TABLE 1:
PROPOSED OPERATIONAL BUDGET SUMMARY (FY 2010-2011)**

CATEGORIES	ADOPTED FY 2009-2010 BUDGET	BASELINE ASSUMPTIONS FY 2010-2011	PROPOSED FY 2010-2011 BUDGET
Salaries & Benefits	\$310,358.00	\$349,509.00	\$310,358.00
Services & Supplies	\$33,848.00	\$33,848.00	\$33,463.00
Other Charges	\$28,241.00	\$27,546.00	\$27,431.00
Intra (Reserve) Fund	\$13,500.00	\$19,500.00	\$13,500.00
TOTAL EXPENSES	\$385,947.00	\$430,403.00	\$384,752.00

Table 2 below, reflects the Proposed Net Operational Budget for Fiscal Year 2010-2011, or the amount that would be allocated to the County and the nine cities, is \$363,288. The proposed net budget amount includes the following: \$12,000 in estimated revenue for FY 2010-11, and the current FY 2009-2010 estimated carry-over balance of \$9,464.

**TABLE 2:
PROPOSED NET OPERATIONAL BUDGET (FY 2010-2011)**

	ADOPTED FY 2009-2010 BUDGET	PROPOSED FY 2010-2011 BUDGET
TOTAL EXPENSES	\$385,947.00	\$384,752.00
Estimated Revenue	(\$12,000.00)	(\$12,000.00)
Est. Year-End Fund Balance	(\$13,812.00)	(\$9,464.00)
NET BUDGET COST	\$360,135.00	\$363,288.00

PROPOSED BUDGET NARRATIVE AND DETAIL SUMMARY TABLE

Attached for the Commission's review and consideration is the following information: Attachment 1 – a Narrative Budget which explains each budget category and any changes proposed for the upcoming year; and Attachment 2 – a Budget Detail Summary which compares the general category costs for the current year adopted budget amounts, and the proposed budget for FY 2010-2011.

MAJOR LAFCO RESPONSIBILITIES

LAFCO receives its authority and obligations from the Cortese-Knox-Hertzberg Local Government Reorganization Act. The following outlines LAFCO's major responsibilities:

- Act on proposals for formations, dissolutions, consolidations, city incorporations and district mergers; and annexations and detachments of territory to and from cities and special districts.
- Establish, review and update spheres of influence (SOIs) for cities and special districts.
- Conduct state-mandated municipal service reviews (MSRs) prior to or in conjunction with establishing or updating SOIs.
- Perform special studies relating to services and make recommendations about consolidations, mergers or other governmental changes to improve services.
- Act on requests for out-of-boundary service extensions.
- Serve as the Lead or Responsible Agency for compliance with the California Environmental Quality Act (CEQA).
- Serve as the conducting authority to conduct protest hearings relating to boundary changes.
- Establish and maintain a website.
- Provide public information about LAFCO and public noticing of pending LAFCO actions.
- Adopt written policies and procedures.
- Adopt an Annual Budget.
- Appoint an Executive Officer and Legal Counsel.

LAFCO Staff Responsibilities

LAFCO staff will continue to provide the following ongoing services:

Administration – Day-to-day and administrative tasks including Commission meeting management, records retention and digitization, purchasing, budgeting, etc.

Proposal Processing – Proposal processing typically includes pre-application consultations, attending meetings, providing routine responses to proposal-related inquiries, project research and analysis, staff report preparation and public hearings, final filing and related paperwork.

Since July 1, 2009, the Commission has reviewed and taken action on 25 proposals, including: (2) Reorganizations (both for the City of Patterson); (1) District Formation (CSA 27- Empire, Phase 1); (2) Change of Organization (Oakdale Irrigation, City of Hughson); (3) Out-of-Boundary (2- City of Ceres, 1- City of Patterson); (15) District MSR/SOI updates; and (2) City MSR/SOI updates (Hughson and Patterson).

By June 30, 2010, it is estimated that the Commission will have reviewed and acted on approximately 29 proposals. For this next fiscal year, we expect a similar number of proposals, including additional state-mandated MSR/SOI updates.

Communications – Communications involves public presentations, noticing, media relations, progress reporting, website management, and networking with other agencies (e.g., cities, county, special districts, CALAFCO), community and business organizations, and the general public. To date, Staff has also responded, as a Responsible Agency under CEQA, to 21 proposed project referrals.

Training – Participation in CALAFCO, County, SDRMA and related training opportunities, including mandatory training courses (Safety, AB 1234 – Ethics; Sexual Harassment, and Defensive Driving).

CONCLUSION

In conclusion, the Commission and LAFCO Staff continue to exercise fiscal prudence and recognize the economic realities of the times and the current constraints on local government.

RECOMMENDATION

It is recommended that the Commission:

1. Receive the staff report, accept any public testimony, modify the proposal if necessary, and adopt Resolution No. 2010-06, approving the Proposed Budget for Fiscal Year 2010-2011.
2. Direct Staff to distribute the Proposed Budget, upon adoption, to the Board of Supervisors, each City, and to each independent Special District pursuant to Government Code Section 56381(a).
3. Schedule a public hearing for May 26, 2010, to consider and adopt the Final Budget for Fiscal Year 2010-2011.

Attachments: Attachment 1 - Budget Narrative (pg. 7)
Attachment 2 - Budget Detail Summary (pg. 12)
LAFCO Resolution No. 2010-06 (pg. 15)
Board Resolution No. 2010-195 (pg. 17)

Attachment 1

Budget Narrative

ATTACHMENT 1
PROPOSED FY 2010-2011 BUDGET NARRATIVE

DISCUSSION OF INDIVIDUAL BUDGET CATEGORY ITEMS

The proposed budget for Fiscal Year (FY) 2010-2011 consists of authorized expenditures and projected revenues. Highlighted below, in narrative form, are the estimated expenditures and revenues by budget category proposed for FY 2010-11.

SALARIES AND BENEFITS

This budget category includes funds for LAFCO employee salaries and benefits, including retirement; unemployment insurance; medical, dental and vision insurance; workers compensation; and Medicare. Estimated expenditures proposed for this budget category is \$310,358. This is approximately \$39,150 less than the baseline assumptions for the category.

Although employer retirement contributions, workers compensation rates, and unemployment insurance costs are expected to increase by approximately \$10,806; Staff's participation in a 5% salary reduction program and salary savings as a result of the retirement of the LAFCO Clerk are expected absorb these increased costs for the upcoming fiscal year.

SERVICES & SUPPLIES

The Services and Supplies expense category includes office supplies, publications and legal notices, insurance, membership dues, Commissioner stipends, education and training, legal counsel, and miscellaneous (contingency funds).

Estimated expenditures proposed for this budget category is \$33,463, which is less than last year's adopted budget of \$33,848. This reduction is based on cutbacks to costs associated with publication and legal notices and reduction in education and training/other travel.

Membership Dues

CALAFCO – The California Association of LAFCOs was founded in 1971. CALAFCO serves as an organization dedicated to assisting LAFCOs with educational and technical resources, as well acts as a resource to the Legislature and other bodies. The annual CALAFCO dues for FY 2010-11 are expected to stay at \$3,651.

CSDA/SDRMA - In addition, Stanislaus LAFCO is a member of the California Special Districts Association (CSDA), which allows the Commission to participate in programs and/or services offered by CSDA and/or their affiliates. Currently, the annual CSDA dues are scheduled to remain at \$807 for FY 2010-11. Payment of these dues allows LAFCO to purchase, at a lower cost, property and general liability insurance through the Special Districts Risk Management Authority (SDRMA).

Commission Expense

The estimated Commission expense for FY 2010-11 is expected to remain at \$5,400. Commission expenses include the monthly meeting attendance stipends and other minor miscellaneous charges including out-going Commissioner plaques and/or acknowledgments.

Education and Training

Expenses for attendance at the annual CALAFCO Conference, staff workshops, and other educational opportunities, which become available throughout the year have been included in the previous budgets. Conference attendance for education and training opportunities provide valuable learning forums for Commissioners and Staff. CALAFCO conferences, workshops and courses are also accredited by the California Bar and the American Planning Association.

The proposed budget typically includes funding for one staff member and two Commissioner's attendance at the annual CALAFCO Conference, as well as funding for Staff attendance at the annual CALAFCO Staff Workshop. (For FY 2010-11, the CALAFCO Annual Conference will be held in Palm Springs, October 6-8, 2010; and the CALAFCO Staff Workshop will be hosted by Ventura LAFCO, April 6-8, 2011.)

Funding for miscellaneous educational opportunities of interest to the Commission and Staff, which arise throughout the fiscal year, has also been budgeted. Education and Training expenses are being reduced to \$2,430.

Other Travel

The line item of "other travel" reflects expenses associated with the Commission and Staff travel costs, which includes mileage reimbursement charges, parking fees, etc. The annual cost is estimated to be lowered to \$475.

Contingencies/Miscellaneous Expenses

The contingency fund, for FY 2010-11, remains at \$3,000. This fund has been established in order to reduce LAFCO's exposure to operating shortfalls such as unexpected expenses or unrealized revenues, if necessary.

OTHER CHARGES

Charges under this category are set by the County and include: telecommunications, data processing, printing and mailroom services, postage charges, building maintenance services, janitorial, map and legal description review; GIS services; as well as the following County departmental services: Auditor, CEO, Purchasing, Planning (copy machine rental and maintenance charges), Risk Management, and A-87 charges, which include indirect County costs.

Estimated expenditures proposed for this budget category is \$27,431, which overall, has been reduced by \$810.

RESERVE FUND

The primary purpose of the Reserve Fund is to: 1) allocate reserve monies to fund the hiring of outside legal and/or consultant services; 2) ensure that funds are available to cover liability costs associated with future employee cash-out benefits; and 3) maintain funds in reserve to stabilize LAFCO's operating revenues.

For next fiscal year it is recommended that the Commission, at a minimum, appropriate \$13,500 to the Reserve Fund. Also, it is estimated that the entire \$13,500 will be expended in FY 2010-11, to cover the costs associated with the retirement of the LAFCO Clerk.

REVENUE

Sources of revenue consist of charges for services (i.e. application processing), the available year-end fund balance, miscellaneous revenues (e.g. interest earnings), and revenues received from the County and the nine cities.

Charges for Services

Pursuant to Government Code Section 56383, LAFCO has established a schedule of fees for processing applications filed with the Commission. The fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged. The Commission may also reduce or waive a fee, service charge, or deposit if it finds that the payment would be detrimental to the public interest.

The estimated revenue for next FY 2010-11 is \$12,000, which is the same as previous budget years. These revenues continue to be conservatively estimated, so as not to create a budget deficit caused by unrealized revenues. Any additional revenues received during the budget year are applied to offset the cost of the next year's adopted budget.

Revenues Received from the County and Nine Cities

Government Code Section 56381(b)(2) requires that the county and its cities shall each provide a one-half share of the commission's operational costs. The cities share shall be apportioned by the County Auditor in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the State Controller.

Fund Balance

Government Code Section 56381(c) provides "If at the end of the fiscal year, the Commission has funds in excess of what it needs, the Commission may retain those funds and calculate them into the following fiscal year's budget."

The current estimated fund balance is currently at \$21,464, which is 55% over the estimated revenues of \$12,000 for FY 2009-10. The Commission may retain these funds or utilize them to offset next year's budget for 2010-11.

Future Year Budget Projections

Staff has taken into consideration a two year forecast to evaluate future budgetary scenarios which have also played a role in developing the Proposed Budget for FY 2010-11. The most important assumptions are as follows:

- Balancing increases in retirement contribution rates, employee health benefit costs, unemployment insurance and workers compensation rates, with Staff's continued participation in voluntary (FY 2009-10) and mandatory (2010-11 and 2011-12) salary cost reductions and subsequent unpaid furloughs days, and possible under-filling of the LAFCO Clerk position in FY 2011-12;
- Assuming the economic downturn would continue resulting in no significant increase in billable application activities or filing fees;

- Non-billable (unfunded) mandated projects would be required to be completed, pursuant to State law; and
- Unrestricted fund balance would continue to be seriously depleted or altogether exhausted.

While Staff is not recommending any changes to the current practice of utilizing net budget off-sets (e.g. fund balance) to reduce agency contributions at this point and time, it must be noted that the prolonged use of the fund balance over the years, as a routine and predictable funding source, has largely been predicated on peaks in billable projects.

Overall, this practice will eventually result in lower than expected agency contribution rates and the inability to effectively build financial reserves. The current LAFCO reserve is less than 3.5 percent of the overall adopted budget – which will be nearly depleted by future employee cash-out during FY 2010-11.

CONCLUSION

In conclusion, the FY 2010-11 proposed operational budget is \$384,752, which is less than last year's final adopted budget (which was previously reduced by 8.8 percent from FY 2008-09). The proposed "net" budget is \$363,288, up \$3,153 from FY 2009-2010.

The proposed budget, like those in the previous years, has very few corners to cut. The most obvious are the funds budgeted for Commissioner and Staff attendance at the annual CALAFCO Conference and Staff Workshop.

These educational opportunities available for Commissioners and Staff (including Legal Counsel) are important to understand LAFCO's role and purpose. (Of note, the annual CALAFCO Conference will be held in Palm Springs, October 6-8, 2010; and several of the Commissioners have stated their desire to attend this conference. Riverside LAFCO is hosting this conference and your staff has been asked to participate on the Host and Program Committees.) However, if the Education and Training line item is reduced this year, it would be important to consider it again in next year's fiscal budget.

Consideration and adoption of a final budget must occur prior to June 15. Therefore, the Public Hearing for the Final Budget has been scheduled for the Commission's May 26th meeting. The adopted proposed budget can be revised, if necessary, to reflect any new or updated information received prior to your May meeting, if it would affect the assumptions used in preparing the Proposed Budget.

Attachment 2

Budget Detail Summary

ATTACHMENT 2

**Stanislaus Local Agency Formation Commission
PROPOSED 2010-2011 BUDGET**

LINE ITEMS	ADOPTED BUDGET FY 2009-10	PROPOSED BUDGET FY 2010-11	DIFFERENCE
SALARIES & BENEFITS			
Salaries and Wages	\$213,814.00	\$209,485.00	(\$4,329.00)
Comp Time (Clerk)	\$1,850.00	\$820.00	(\$1,030.00)
Retirement (STANCERA)	\$28,212.00	\$37,833.00	\$9,621.00
FICA	\$18,040.00	\$17,616.00	(\$424.00)
Group Health Insurance	\$35,361.00	\$31,986.00	(\$3,375.00)
OPEB Health Post-Retirement	\$1,590.00	\$970.00	(\$620.00)
Unemployment Insurance (new)	\$0.00	\$975.00	\$975.00
Employee Benefit Admin. Fee	\$215.00	\$215.00	\$0.00
Long Term (Management) Disability	\$515.00	\$515.00	\$0.00
Workers Comp. Insurance (new)	\$0.00	\$210.00	\$210.00
Auto Allowance	\$2,400.00	\$2,400.00	\$0.00
Professional Development	\$0.00	\$0.00	\$0.00
Employee Assistance Program	\$220.00	\$250.00	\$30.00
Deferred Compensation	\$3,165.00	\$2,930.00	(\$235.00)
Cafeteria Plan Health Benefit	\$4,976.00	\$4,153.00	(\$823.00)
Subtotal Salaries & Benefits	\$310,358.00	\$310,358.00	\$0.00

LINE ITEMS	ADOPTED BUDGET FY 2009-10	PROPOSED BUDGET FY 2010-11	DIFFERENCE
SERVICES & SUPPLIES			
Insurance (SDRMA)	\$3,500.00	\$3,500.00	\$0.00
Memberships (CALAFCO, CSDA)	\$4,458.00	\$4,458.00	\$0.00
Miscellaneous Expense	\$3,000.00	\$3,000.00	\$0.00
Office Supplies	\$1,200.00	\$1,200.00	\$0.00
Computer Software	\$0.00	\$0.00	\$0.00
Office Equipment Expense to \$5,000	\$0.00	\$0.00	\$0.00
Legal Services	\$12,150.00	\$12,150.00	\$0.00
Publications & Legal Notices	\$900.00	\$850.00	(\$50.00)
Education & Training (CALAFCO)	\$2,700.00	\$2,430.00	(\$270.00)
Commission Expense	\$5,400.00	\$5,400.00	\$0.00
Other Travel	\$540.00	\$475.00	(\$65.00)
Subtotal Services & Supplies	\$33,848.00	\$33,463.00	(\$385.00)

**Stanislaus Local Agency Formation Commission
PROPOSED 2010-2011 BUDGET Cont.**

LINE ITEMS	ADOPTED BUDGET FY 2009-10	PROPOSED BUDGET FY 2010-11	DIFFERENCE
OTHER CHARGES			
Government Fund - Planning Services (Copy Machine)	\$1,200.00	\$1,500.00	\$300.00
Telecommunications (SBT)	\$1,150.00	\$975.00	(\$175.00)
Central Services Printing	\$80.00	\$75.00	(\$5.00)
Quick Copy Services	\$50.00	\$45.00	(\$5.00)
Mailroom Postage Meter	\$1,350.00	\$1,250.00	(\$100.00)
Presort Postage	\$40.00	\$40.00	\$0.00
Mailroom Services	\$308.00	\$308.00	\$0.00
Messenger Services	\$250.00	\$250.00	\$0.00
Salvage Disposal	\$80.00	\$75.00	(\$5.00)
Data Processing & IT Services (SBT)	\$5,070.00	\$4,500.00	(\$570.00)
People Soft	\$344.00	\$344.00	\$0.00
GSA Pick-up & Delivery	\$140.00	\$140.00	\$0.00
Government Fund – Public Works (Engineering Services)	\$2,700.00	\$2,700.00	\$0.00
Government Fund - Public Works (GIS Mapping Services)	\$2,375.00	\$3,500.00	\$1,125.00
Utilities	\$1,772.00	\$1,459.00	(\$313.00)
Government Fund – Grand Jury Audit	\$50.00	\$50.00	\$0.00
Government Fund – Auditor’s Dept.	\$4,190.00	\$3,700.00	(\$490.00)
Government Fund – Purchasing Agent	\$160.00	\$160.00	\$0.00
Government Fund – Risk Management	\$720.00	\$720.00	\$0.00
Building Maintenance Services & Supplies	\$2,322.00	\$1,910.00	(\$412.00)
GSA Stores – Office Supplies	\$50.00	\$50.00	\$0.00
Government Fund – Public Works (Safety Analyst & IT Services)	\$500.00	\$500.00	\$0.00
Contract Janitorial (GSA/TSP JPA)	\$660.00	\$700.00	\$40.00
Government Fund – A-87 Charges CEO	\$2,520.00	\$2,320.00	(\$200.00)
Government Fund – A-87 Carry Over	\$150.00	\$150.00	\$0.00
Fiduciary Liability Insurance	\$10.00	\$10.00	\$0.00
Subtotal Other Charges	\$28,241.00	\$27,431.00	(\$810.00)
INTRA FUND			
Reserve Fund	\$13,500.00	\$13,500.00	\$0.00
Subtotal Intra Fund	\$13,500.00	\$13,500.00	\$0.00
TOTAL	\$385,947.00	\$384,752.00	-\$1,195.00
Estimated Revenue	(\$12,000.00)	(\$12,000.00)	\$0.00
Year-End Available Fund Balance	(\$13,812.00)	* (\$9,464.00)	\$4,348.00
NET BUDGET COST	\$360,135.00	\$363,288.00	\$3,153.00

*Est. Budget Savings & Additional Revenue Received FY 2009-10

LAFCO Resolution No. 2010-06

STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION

DRAFT

RESOLUTION

DATE: April 28, 2010

NO. 2010-06

SUBJECT: Consideration and Adoption of the Proposed Budget for Fiscal Year 2010-2011

On the motion of Commissioner _____, seconded by _____, and approved by the following vote:

Ayes: _____ Commissioners: _____
Noes: _____ Commissioners: _____
Absent: _____ Commissioners: _____
Ineligible: _____ Commissioners: _____

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, Government Code Section 56381(a) requires the Commission to adopt annually, following notice public hearings, a proposed budget by May 1 and a final budget by June 15;

WHEREAS, pursuant to Government Code Section 56381(a), the proposed budget must be, at a minimum, equal to the previous budget, unless a finding is made that the reduced costs will nevertheless allow the Commission to fulfill the purposes and programs of the LAFCO;

WHEREAS, the Stanislaus Local Agency Formation Commission wishes to provide for a budget to fulfill its purposes and functions that are set forth by State law; and,

WHEREAS, the Commission has conducted a noticed public hearing on April 28, 2010, to consider the Proposed Budget for Fiscal Year 2010-2011, as submitted by the Executive Officer.

NOW, THEREFORE, BE IT RESOLVED that the Commission:

1. In accordance with Government Code Section 56381(a), adopts the Proposed Budget for Fiscal Year 2010-2011, as outlined in the attached Exhibit 1.
2. Determines that the Proposed Budget for Fiscal Year 2010-2011 will allow the Stanislaus Local Agency Formation Commission to fulfill the purposes and programs of the Cortese-Knox-Hertzberg Local Government Reorganization Act.
3. Directs Staff to circulate the adopted Proposed Budget for Fiscal Year 2010-2011 to the Board of Supervisors, each City, and to each Independent Special District pursuant to Government Code Section 56381(a).
4. Schedule the public hearing to consider and adopt the Final Budget for May 26, 2010.

ATTEST: _____
Marjorie Blom
Executive Officer

**Board of Supervisors
Resolution No. 2010-195**

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

DEPT: Chief Executive Office

BOARD AGENDA # B-11

Urgent Routine

AGENDA DATE April 6, 2010

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval of Labor Cost Reduction Agreements for County Employees for Fiscal Years 2010-2011 and 2011-2012; A Voluntary Separation/Retirement Incentive Program for Represented and Unrepresented County Employees for Fiscal Year 2010-2011 and a Modification to the Retirement Benefits for Unrepresented Employees to be Hired After December 31, 2010 and Related Actions

STAFF RECOMMENDATIONS:

- Approval of agreements with the following labor organizations to implement a 5% salary cost reduction in Fiscal Years 2010-2011 and 2011-2012:
 - AFSCME Local 10/Stanislaus County Employee Association
 - Service Employee International Union (SEIU 521)
 - Deputy Sheriffs' Association
 - Stanislaus Sworn Deputies Association
 - Stanislaus County Deputy Probation Officers' Association
 - California Nurses' Association
 - Stanislaus County Group Supervisors' Association
 - County Attorneys' Association

(Continued on Page 2)

FISCAL IMPACT:

The County is currently facing a significant structural shortfall in funding as the result of unprecedented decreases in discretionary revenue, extraordinarily challenging economic times and additional projected program cuts as a result of the State budget crisis. A 30-month budget strategy beginning Mid-Year 2009-2010 through June 30, 2012 will provide the opportunity for the County to restructure to allow for the alignment of revenue and expenditures. During the next 30-months as the County works toward a restructuring of revenue and expenditures several strategies will be used to bridge the shortfall in funding as the "re-basing" is implemented. These include departmental program and staffing reductions, the use of

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2010-195

On motion of Supervisor Chiesa, Seconded by Supervisor Monteith

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, DeMartini, and Chairman Grover

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION: **Amended** Staff Recommendation No. 2 to exclude the Treasurer/Tax-Collector from the five percent (5%) salary cost reduction.



ATTEST:

CHRISTINE FERRARO TALLMAN, Clerk

STAFF RECOMMENDATIONS: (Continued)

Stanislaus Regional Emergency Dispatchers' Association
Stanislaus County Sheriff Supervisors' Association
Stanislaus County Sheriff Management Association
Stanislaus County District Attorney Investigators' Association

2. Authorize the implementation of a five percent (5%) salary cost reduction for unrepresented Management and Confidential employees and all Elected Officials in Fiscal Years 2010-2011 and 2011-2012.
3. Authorize the implementation of a Voluntary Separation/Retirement Incentive Program for represented and unrepresented employees in Fiscal Year 2010-2011.
4. Direct the Chief Executive Officer to prepare necessary actions to modify retirement benefits for unrepresented employees hired after December 31, 2010 to the former Tier Two retirement benefit structure in place prior to March 2002 (Reduced benefit formula; 2% at age 61 for miscellaneous employees and 2% at age 50 for safety employees).
5. Authorize the Chief Executive Officer or designee and all parties to sign the agreements.
6. Authorize the Chief Executive Officer and County Auditor-Controller to implement all terms and conditions of the approved agreements in compliance with applicable State and Federal laws.
7. Direct the Chief Executive Officer to return to the Board of Supervisors prior to the end of April, 2010, with the specific accompanying Labor Agreements by Bargaining Unit which include Extensions and Terms negotiated in conjunction with the Labor Cost Reduction Agreements.

FISCAL IMPACT: (Continued)

up to \$18 million in designations and the implementation of a 5% salary cost reduction for County employees for the next two Fiscal Years. The 5% salary cost reduction is intended to provide direct salary cost savings to County departments in Fiscal Years 2010-2011 and 2011-2012. It is estimated that the County wide salary savings in Fiscal Year 2010-2011 from the 5% reduction in base pay will be \$13.8 million for all County funds, with \$5.5 million of the potential salary savings in the General Fund, not counting any potential related revenue losses. This savings will provide significant relief to departments as they work to balance their budgets with reduced revenue and will prevent a significant number of reductions-in-force that would have further impacted core County services.

Because the salary cost reductions are being implemented across the board for all County departments, there are some situations in non-general fund positions where salary savings will result in a corresponding reduction in revenue to County departments. Specific impacts to revenues as a result of the reduced salary cost will be reviewed by each individual department, and overall will reduce the final net savings that will materialize from the salary cost reductions.

Listed below are the estimated salary cost reductions by each bargaining unit (not including potential reductions in revenue):

Bargaining Unit	5% Salary Savings
AFSCME Local 10/SCEA	\$5,849,000
SEIU	\$2,100,000
Unrepresented	\$2,134,000
Deputy Sheriff Association - Custodial	\$866,000
Stanislaus Sworn Deputies Association	\$785,000
Deputy Probation Officers	\$358,000
Registered Nurses	\$425,000
Group Supervisor Association	\$250,000
County Attorneys' Association	\$522,000
Emergency Dispatchers' Association	\$145,000
Sheriff Supervisor Association	\$152,000
Sheriff Management Association	\$115,000
District Attorney Investigators	\$76,000
Total	\$13,777,000

The 5% salary savings will be taken on the employee's base pay and will reduce both the employee and County retirement contribution along with reducing payroll taxes.

The Voluntary Separation/Retirement Incentive allows a termination payment of \$1,000 per year of full-time County service, up to a maximum of \$25,000. The termination pay is not retirement contributable and will not impact the employee's final average salary calculation for retirement. The benefit will be paid out of existing department appropriations in Fiscal Year 2010-2011. The intent of the Voluntary Separation/Retirement Incentive Program is to reduce the number of filled positions subject to reduction-in-force in the next two years, and thereby reduce the County's liability for unemployment insurance benefits. The maximum \$25,000 benefit level represents a lower cost to the County than paying extended unemployment benefits

based on reduction-in-force actions. County Departments will be responsible for funding the incentive program within their Proposed Budget for Fiscal Year 2010-2011.

The recommended changes to retirement benefits to future unrepresented employees will have a significant long-term financial benefit to the County. Expert services have been retained to assist the County in projecting the full benefit of this change through actuarial analysis of long term retirement cost exposures. This change is currently being negotiated with individual bargaining units.

The initial projections from the Stanislaus County Employees Retirement Association (StanCERA) indicated a \$23 million additional cost exposure for the 2010-2011 fiscal year for the County's retirement benefit cost exposure. Recently, the StanCERA Board took action to partially mitigate the 2010-2011 impact. Long term changes are needed to ensure the sustainability and affordability of retirement benefits for future County employees.

The recommended actions will significantly reduce the level of program and service reductions and employee reductions in force.

DISCUSSION:

Based upon an unprecedented decrease in local discretionary funding, a declining economic condition, the on-going State Budget Crisis and ongoing increases in certain operating costs, the County has identified continued significant budget shortfalls throughout County departments in Fiscal Years 2010-2011 and 2011-2012 and beyond. The County has implemented many labor cost reduction strategies in the current fiscal year and prior fiscal years in an effort to reduce salary and benefit costs in relation to decreased revenues. Some of the current and prior cost reduction strategies include:

- Maintaining position vacancies and hiring freeze policy
- Reduce extra help or temporary staffing
- Reduce or eliminate out-of-County travel
- Modifications to compensation and benefit plans for unrepresented Management and Confidential employees
- Negotiated agreements with labor groups to address benefit cost increases
- Suspension of employee vacation cash outs (some exceptions apply)
- Implementation of County Voluntary Time Off Policy
- Implementation of department specific furloughs in Fiscal Year 2009-2010
- Implementation of reductions-in-force actions where necessary

Prior to Fiscal Year 2009-2010, a majority of County labor organizations agreed to implement furlough agreements to reduce employee compensation up to 13 unpaid furlough days or 104 working hours (5% of base salary). The furlough agreements required individual department heads to determine the number of furlough days to be implemented in each department. As a result of these agreements, department specific

furloughs have been implemented in 11 County departments in the current fiscal year, impacting approximately 34% of the County's full-time workforce.

Five Percent (5%) Salary Cost Reduction Agreements

Recognizing the severity of the County budget deficit and the expected impact on County employees, the Chief Executive Officer invited all County labor organizations to negotiate collectively to consider proposals for 5% salary cost reductions in all County departments for Fiscal Years 2010-2011 and 2011-2012. Negotiations were conducted from January 2010 through March 2010 and have resulted in tentative agreements with 12 County labor organizations supporting across the board 5% salary cost reductions for all County employees over the next two fiscal years.

Effective July 1, 2010, the sponsorship of the Family Medicine Residency Physician Training Program will be the responsibility of a new non-profit corporation, Valley Consortium Medical Education, not the County of Stanislaus. Employees in the Residents Physicians bargaining group (28 allocated positions) do not receive the same compensation and benefits structure available to all other full-time County employees and therefore they will not be participating in this County-wide tentative agreement.

The proposed 5% salary cost reduction and resulting savings is intended to provide an important and additional solution for County departments to reduce current costs in an effort to minimize the number of pending reduction-in-force actions. Based upon the meet and confer process, the County and labor representatives have agreed on a series of negotiated issues related to the implementation of 5% salary cost reduction savings. A copy of the negotiated agreement is attached to this agenda item for reference. Full-time County employees will have a deduction equal to 5% of their base salary taken each pay period. Employees will receive a credit of four hours of special accrued leave time each pay period, up to 104 hours each fiscal year, to be used as time off during periods of office closures or by approval of their department. Employees will have the ability to carry forward special accrued leave time not used in the current fiscal year, however this leave time will expire and not be eligible for use on or after July 1, 2013. The special accrued leave time does not have a vested cash value and may not be cashed out during employment or at time of termination.

The negotiated agreement with County labor organizations includes provisions to address the impact of the salary deductions on employees who are scheduled to retire during the term of the agreement. County employees with documented retirement dates in the next two fiscal years will be exempt from the 5% salary savings up to 12-months prior to the employee's documented retirement date. The 12-month exemption period is intended to coincide with the employee's one-year final average salary calculation so that the salary reduction is not calculated into the employee's permanent retirement benefit level. To be eligible for this exemption, employees will need to sign an irrevocable notice of the retirement from County service.

Voluntary Separation/Retirement Incentive Program

The agreement with labor groups includes the implementation of a Voluntary Separation/Retirement Incentive Program for eligible employees. The program allows a termination payment of \$1,000 per year of full-time County service, up to a maximum of \$25,000. The termination pay is not retirement contributable and will not impact the employee's final average salary calculation for retirement. The benefit will be paid out of existing department appropriations in Fiscal Year 2010-2011. Employee participation in the Voluntary Separation/Retirement Incentive Program will require approval of the Department Head and Chief Executive Officer. If approved, the employee will retire in July 2010 and the department will delete the resulting vacant position by August 1, 2010. Employees approved to participate in the program will be required to sign a Separation Agreement and Release of all Claims prior to final approval and will not be eligible for future County employment without the approval of the Board of Supervisors. The intent of the Voluntary Separation/Retirement Incentive Program is to reduce the number of filled positions subject to reduction-in-force in the next two years, and thereby reduce the County's liability for unemployment insurance benefits. The maximum \$25,000 benefit level represents a lower cost to the County than paying extended unemployment benefits based on reduction-in-force actions. A summary of the recommended Voluntary Separation/Retirement Incentive program is attached to the final tentative agreement included in this agenda item.

This agenda item requests approval to implement the new Voluntary Separation/Retirement Incentive Program for Fiscal Year 2010-2011. County staff will evaluate the fiscal impact of the program in Fiscal Year 2010-2011 to consider a potential recommendation to offer the program once again in Fiscal Year 2011-2012. The extension of the program beyond Fiscal Year 2010-2011 will require additional approval from the Board of Supervisors.

Labor Agreements and Ratifications

The labor negotiations process has resulted in support for the 5% salary cost reduction agreement from all participating County labor organizations. Individual employee groups have recommended the tentative agreement through a series of employee votes and ratification procedures throughout March, 2010. As of April 1, 2010, County labor organizations have confirmed final ratification of the 5% salary cost reduction agreement in all bargaining units except for the County Attorneys' Association. The County Attorneys' Association has recommended support for the agreement and their members are scheduled to complete the voting procedure on April 5, 2010.

Several County labor groups have also engaged in additional negotiations with the County to consider extensions to current labor agreements or to include the 5% salary savings agreement in their ongoing contract negotiations for expired agreements. The County has reached a series of additional tentative agreements with labor groups to extend current agreements or to conclude ongoing negotiations for expired agreements. Contract extension agreements for two bargaining units and new labor agreements for

three bargaining units will be finalized in the coming weeks and returned to the Board of Supervisors for final approval in April 2010.

The following is a list of all labor organizations and the updated status of their ratification votes and pending contracts to be considered for final approval in April 2010:

Bargaining Unit	Allocated Positions	Contract Expiration	Status of 5% Tentative Agreement
AFSCME Local 10/SCEA	2,036	05/31/11	Ratified 5% Tentative Agreement
SEIU	621	06/30/10	Ratified 5% Tentative Agreement
Unrepresented	413	N/A	
Deputy Sheriff Association - Custodial	217	12/31/09	Ratified 5% Tentative Agreement New contract agreement pending
Stanislaus Sworn Deputies Assoc.	183	12/31/10	Ratified 5% Tentative Agreement Contract extension to 6/30/12 pending
Deputy Probation Officers	106	07/31/10	Ratified 5% Tentative Agreement
Registered Nurses	94	02/28/11	Ratified 5% Tentative Agreement
Group Supervisor Association	82	12/31/10	Ratified 5% Tentative Agreement
County Attorneys' Association	77	06/30/10	Contingent upon final ratification vote
Emergency Dispatchers' Association	44	06/30/10	Ratified 5% Tentative Agreement
Sheriff Supervisor Association	29	06/30/09	Ratified 5% Tentative Agreement New contract agreement pending
Sheriff Management Association	18	02/28/11	Ratified 5% Tentative Agreement Contract extension to 6/30/12 pending
District Attorney Investigators	16	03/31/10	Ratified 5% Tentative Agreement New contract agreement pending
Resident Physicians	28	06/30/10	N/A

Total 3,964

Unrepresented Employees

In addition to the represented bargaining units, this agenda item also requests authority to implement a 5% salary deduction for unrepresented Management and Confidential employees and all Elected Officials. Management and Confidential employees will participate in the same policies as negotiated with represented labor groups, including the use of special accrued leave time and the implementation of the Voluntary Separation/Retirement Incentive Program. County leadership has met with management and confidential employees in a series of meetings earlier this year to share this recommendation with unrepresented employees. Elected Officials do not receive leave accrual benefits and therefore will not receive the special accrued leave time. Elected Officials and County Department Heads are not eligible to participate in the Voluntary Separation/Retirement Incentive Program. All unrepresented employees,

including Management, Confidential and Elected Officials will be eligible to receive an exemption to the 5% salary deduction if they are within 12-months of their retirement from County service. This exemption policy is the same as provided to all represented employees and is intended to prevent retiring employees from receiving a permanent reduction in their retirement benefit level based on the 5% salary deduction.

The 5% salary cost reduction with corresponding special accrued leave time is applicable to full-time employees. Extra-help/part-time employees and personal service contractors do not accrue leave time benefits and therefore their salary reduction impact will be in unpaid working days, such as potential office closures or reduced work schedules. Departments are encouraged to reduce scheduled working hours of extra-help/part-time employees and personal service contractors in equal proportion to the 5% salary deduction implemented for full-time employees. Departments may consider the operational demands of their individual departments in determining the most appropriate strategy for implementing reductions with extra-help/part-time employees.

Recommended Retirement Tier Changes

The recommended labor cost reduction strategies will significantly assist in easing the projected budget shortfalls in the next two fiscal years. It is also imperative to focus on the need to reduce the increasing cost exposure of employee retirement benefits. Retirement benefits for current full-time employees are legally protected vested benefits and are not subject to negotiated reductions based on existing legal standards. The County has actively engaged in discussions with labor representatives to consider alternative retirement benefits for future County employees hired after December 31, 2010. While these discussions are ongoing and will require individual agreements with each bargaining unit, the County is prepared to move forward with implementing retirement benefit changes for future unrepresented employees hired after December 31, 2010. This agenda item recommends the restoration of retirement benefits for future unrepresented employees to the Tier Two benefit level in place for County employees prior to March 2002.

The following is a summary of current retirement benefit levels and the recommended retirement benefits:

	Current Benefit (Tier Five*)	Recommended Benefit (Tier Two*)
General Members	Years of Service at 2% at age 55	Years of Service at 2% at age 61
Safety Members	Years of Service at 3% at age 50	Years of Service at 2% at age 50

**Benefit formulas are rounded based on age and years of service.*

The County's retirement system is a defined benefit system with a formula that is based on years of service and age at retirement. The recommended plan will change the defined benefits for future employees who are unrepresented at this time.

The implementation of Tier Two retirement benefits will also modify the final average salary calculation for future unrepresented employees from a one-year final average salary calculation to a three-year final average salary calculation in place prior to March 2002. Actuarial and administrative work will need to be completed in conjunction with the Stanislaus County Employee Retirement Association to prepare all related actions necessary to implement the recommended changes prior to January 1, 2011. The County has also engaged Segal Company to further analyze the actuarial impact of these changes. Those additional actions will be forwarded to the Board of Supervisors for final approval in the coming months.

The cooperation, collaboration and understanding of the County's labor groups have been instrumental in reaching these salary cost reduction agreements. Their cooperation is an essential and key component to our multi-year financial strategy and will minimize the impact to essential community services as well as the number of County employees facing reductions-in-force.

POLICY ISSUE:

Approval of the recommendations for reduced salary costs and the implementation of a new Voluntary Separation/Retirement Incentive Program will support the Board of Supervisors' priority of maintaining the Efficient Delivery of Public Services through anticipated fiscal savings for County departments.

STAFFING IMPACT:

Upon approval of these recommendations, the County will have agreements with all participating labor organizations to implement a 5% salary cost reduction for the County's full-time workforce in Fiscal Years 2010-2011 and 2011-2012, as well as the implementation of a new Voluntary Separation/Retirement Incentive Program to be implemented in July 2010. The implementation of these labor cost reduction strategies is intended to reduce the number of County employees subject to reduction-in-force actions over the next two fiscal years.

CONTACT:

Jody Hayes, Deputy Executive Officer. Telephone: (209) 525-6333

TENTATIVE AGREEMENT

**BETWEEN COUNTY OF STANISLAUS
AND
[LABOR GROUP]**

**RE: IMPLEMENTATION OF 5% SALARY SAVINGS IN
FISCAL YEARS 2010-2011 AND 2011-2012**

Pursuant to this agreement between the County of Stanislaus (County), and [Labor Group], the parties agree as follows:

Whereas, the County of Stanislaus has identified significant budget shortfalls throughout County departments in Fiscal Years 2010-2011 and 2011-2012; and

Whereas, the County and [Labor Group] agree to a 5% deduction of employee salaries as a method of reducing labor costs and minimizing the number of County employees subject to reduction-in-force in Fiscal Years 2010-2011 and 2011-2012.

Now therefore, the parties agree to the following terms and conditions of implementing 5% salary cost savings in Fiscal Years 2010-2011 and 2011-2012:

1. All employees in the bargaining unit(s) represented by [Labor Group] will receive a 5% deduction in salary starting on the July 3, 2010 workday, and ending on the June 30, 2012 workday. The 5% salary deduction will be on a pre-tax basis and will be calculated on the employee's base wage. The Salary deduction will not decrease the compensation paid for extra pays (special assignment pay, etc.). Retirement contributions will not be withheld on behalf of the employee or County on the amount of salary deducted.
2. All employees receiving a 5% salary deduction will receive four hours of special accrued leave time each pay period in which the 5% salary deduction is taken, or an equivalent amount of special accrued leave time pro-rated based on the number of hours paid to the employee. The total special accrued leave time earned in each fiscal year will be 104 hours, based on 5% salary deductions for each 80 hours of paid time during 26 pay periods. Special accrued leave time will be administered in the same manner as vacation time for purposes of determining overtime eligibility.
3. Special accrued leave time will be reported as a separate accrual amount on each employee's payroll advice notice. Employees may go negative in their special accrual leave time balance up to a maximum of 104 hours, however employees may not go negative in any amount greater than the employee's current vacation accrual amount. Employees may not carry a negative balance over at the end of each fiscal year. If an employee has a negative balance at the end of the fiscal year, or upon separation of employment, the County will reduce the employee's vacation accrual amount by an equal portion to balance the employee's special accrued leave time to zero.

4. Special accrued leave time will be utilized during any period of office closure approved by the Board of Supervisors. Office closure schedules will be communicated by July 1, 2010 for the period of time from July 1, 2010 to December 31, 2010, and by October 1, 2010 for the period of time from January 1, 2011 to June 30, 2011. Office closure schedules will be communicated by July 1, 2011 for the entire Fiscal Year 2011-2012. With Department Head approval, employees may work during periods of approved office closures in limited circumstances to provide required County services.

Any remaining special accrued leave time not utilized during an office closure will be eligible for the employee to use as requested with the approval of their Department Head or designee. Department Heads may substitute the use of vacation with special accrued leave time as necessary, unless an employee is at the maximum level of vacation accrual.

5. Employees and departments are encouraged to schedule and utilize all special accrued leave time within the fiscal year in which it is accrued. Special accrued leave time not utilized within the fiscal year may be carry forward up to June 30, 2013. All special accrued leave time will expire and not be eligible for use on or after July 1, 2013. Special accrued leave time does not have a vested cash value and may not be cashed out during employment or at the time of termination.
6. Employees retiring from County service will be exempted from 5% salary deductions for a one year period prior to their identified date of retirement. In order to receive this exemption, retiring employees will need to sign an irrevocable notice of their retirement/resignation from County service on forms provided by the County. Employees may request Department Head approval to extend their planned retirement/resignation date, however any approved extension of their planned retirement/resignation date will require an adjustment of salary deductions and special accrued leave time to ensure that the employee is not exempted from the salary deductions for a period greater than 12 months. Employees must be eligible for a regular service retirement in order to receive this exemption.
7. The parties agree to implement a Retirement Incentive Program as outlined in Attachment A.
8. In recognition of the agreed 5% salary savings for Fiscal Years 2010-2011 and 2011-2012, the County agrees to not impose through any meet and confer process an additional base salary reduction/deduction beyond the 5% contributed by employees represented by [Labor Group] from the date of agreement through June 30, 2012. This provision does not prohibit the parties from introducing or discussing proposals for additional base salary savings during this period of time which may further assist in balancing future County budget deficits. This provision also does not limit in any way the County's existing authority to meet and confer on all other terms and conditions of employment including, but not limited to, employee health insurance, retirement benefits and miscellaneous compensation (such as special assignment pays, on-call pay, etc.).
9. The County agrees to temporarily modify existing reduction in force policies to extend return rights for employees impacted by a reduction in force to three years.

This extension of return rights will apply to all permanent regular employees represented by [Labor Group] who are terminated or demoted through a reduction in force action from the date of agreement through June 30, 2012.

10. [Labor Group] recognizes that the implementation of the 5% salary deduction is not a form of discipline for individual employees and employees may not appeal this reduction in salary under any County appeal procedures.
11. Implementation of the 5% salary deduction will not impact an employee's existing leave time accrual benefits (sick leave, vacation, etc.), retirement service credit or health insurance benefits.
12. Vacation cash outs will not be approved for employees participating in the 5% salary deduction program in Fiscal Years 2010-2011 and 2011-2012; individual MOU provisions will remain for employees reaching the vacation accrual maximum and denied the use of vacation.
13. Employees may voluntarily request unpaid Voluntary Time Off (VTO), as per County policy, in addition to the 5% salary deduction.

This Tentative Agreement is entered into between the County and [Labor Group] and is subject to any applicable ratification/approval procedures of the bargaining unit as determined by [Labor Group]. Approval of this Tentative Agreement confirms support of the agreement by the designated Labor Representative and a commitment to forward the agreement through any applicable ratification/approval procedures required for the bargaining unit. Final approval and implementation of this agreement is subject to confirmation that all labor ratification/approval procedures are completed and formal adoption of the agreement by the Board of Supervisors.

Agreed to this _____ day of _____, 2010

Jody Hayes
Stanislaus County

Labor Representative
[Labor Group]

Attachment A

Stanislaus County Retirement Incentive Program

Eligibility

20 Years of full-time service in Stanislaus County; or

Full-time employee eligible for normal service retirement from StanCERA as of July 1, 2010

- General Members – 30 yrs of total service OR 50 yrs old with 5 yrs of service and 10 yrs of membership in StanCERA
- Safety Members – 20 yrs of total service OR 50 yrs old with 5 yrs of service and 10 yrs of membership in StanCERA

Benefit

Termination pay of \$1,000 per year of full-time County service, up to a maximum of \$25,000

Termination pay is not retirement contributable and will not impact employee's final average salary calculation for retirement

Option available for employees to split benefit payment between July 2010 and January 2011; employee will be converted to extra help employment status for purposes of the January 2011 payment distribution but will not be eligible to earn any additional compensation. Employees will have the option of diverting payments to deferred compensation plans in accordance with IRS regulations.

Cost

Paid out of existing department appropriations in FY 2010-2011

Approval

Employee participation in Retirement Incentive Program will require Department Head and CEO approval

Request and approval process to be completed in conjunction with Proposed Budget for departments to include savings in FY 2010-2011 budget

Based on a review of the program for FY 2010-2011, County may offer the program again for employees retiring in July 2011 to assist with the FY 2011-2012 budget. This option is at the sole discretion of the County.

Staffing Impact

Department to delete the resulting vacant position by August 1, 2010

If resulting vacancy is identified as a critical position, department may substitute for an alternative position(s) of equal value (requires CEO approval)

Employees approved for Retirement Incentive Program are not eligible for future employment with Stanislaus County (including regular, part-time or personal services contract), unless approved by the Board of Supervisors