Productive Labor Relations and Negotiations -- webinar
2:00 – 3:30 p.m. PT, Wednesday, May 9, 2012
Cosponsored by Cal-ICMA and CSMFO Coaching Programs

*** Advance registration required for this no-charge webinar:
https://www1.gotomeeting.com/register/169899128

Presenters:
* Art Hartinger, negotiator for City of Fremont, CA, Principal, Meyers Nave
* Suzanne Mason, Director of Human Resources, Napa County, CA
* Peter Brown, Partner, Liebert Cassidy Whitmore

Panel Discussion Topics:
1. How are budget challenges and public pressures regarding local government compensation changing the dynamics of labor relations?
2. How are roles in labor relations and negotiations evolving?
3. What are some approaches that are working effectively to resolve differences?
4. How can local agencies come out of these difficult times with constructive working relationships and a productive workforce?
5. What resources are available to help agencies enhance their labor relations and negotiations efforts?

We’ll be using webinar tools (including real-time questions and live polling) to make this a great opportunity for audience interaction.

Audience: all employees, including HR, finance, mgmt.

1. Register in advance for the webinar:
   There is no charge for participating in the webinars, but each requires advance registration.
   *** Advance registration required for this no-charge webinar:
   https://www1.gotomeeting.com/register/169899128

2. Connect with the webinar and audio:
   Use your logon information from the email confirmation you receive via email from GoToWebinar. We recommend the telephone option dial-in number provided by GoToWebinar for sound quality. Depending upon your internet connection, VOIP option for audio (computer speakers) can have delays or sound quality issues.

3. Ask questions:
   You may submit questions anonymously via email to Cal-ICMA@DonMaruska.com or CSMFO@DonMaruska.com in advance or via the webinar during the panel discussion. As moderator for the session, Don Maruska will pose the questions.
4. Presenters’ presentation materials:
We post these with the agenda at “Live Audio & Archives” tab of www.cal-icma.org/coaching or www.csmfo.org/coaching. The PPT will be available about 2 hours before the webinar.

After a webinar occurs, a digital recording along with the PowerPoint materials and results of the polling questions will be available within 24 hours at the "Live Audio & Archives” tab of www.cal-icma.org/coaching and www.csmfo.org/coaching.

Post-Webinar Group Discussions

Many agencies are organizing groups to participate in the webinars (live or recorded) and discuss the topics among themselves after the webinars. Some are summarizing their discussions and distributing them to managers throughout their organizations. Use the Cal-ICMA Coaching Program and CSMFO Coaching Program as effective ways to enhance professional development in your agency. Here are some discussion starters for this session.

1. What’s working in our labor relations and why?
2. Where would it be especially valuable to enhance our labor relations and negotiations?
3. What ideas can we take from the webinar to support constructive and productive results in our agency?

MORE RESOURCES--See the "Coaching Corner" at www.cal-icma.org/coaching or www.csmfo.org/coaching for valuable resources to boost your career. Sign up for the complimentary email list to keep informed of future sessions and resources at www.cal-icma.org/coachingList or CSMFO’s member email list.

We appreciate the sponsors for the Cal-ICMA Coaching Program. They include:
Platinum Sponsors: CA Communities Joint Powers Authority, Pacific Gas and Electric Company, and Chevron
Gold Sponsor: California City Management Foundation
Silver Sponsors: California Redevelopment Association, Colorado City and County Management Association, County Administrative Officers Association of California, Municipal Management Association of Northern California (MMANC), Public Agency Retirement Services (PARS), and Granicus
Bronze Sponsors: California Special Districts Association, Carl Warren & Company, County Personnel Administrators Association of California (CPAAC), Davenport Institute for Public Engagement at Pepperdine’s School of Public Policy, Liebert Cassidy Whitmore, Municipal Management Association of Southern California (MMASC), Stone and Youngberg, and the Arizona City/County Management Association

Enjoy the resources and support to thrive in local government.

Don Maruska, Master Certified Coach
Director, Cal-ICMA Coaching Program, CSMFO Coaching Program
Biographical Sketches provided by presenters:

Art Hartinger, negotiator for City of Fremont, CA

Arthur (Art) Hartinger is the Chair of Meyers Nave’s Labor and Employment Practice Group and one of California’s leading labor and employment attorneys. He has been designated a “Top Employment Lawyer” by the Daily Journal in 2010 and a “Northern California Super Lawyer” each year since the inception of the award in 2004. Art was also selected by the Daily Journal as one of the “Top 25 Municipal Lawyers in California” for 2011. He represents public and private clients in complex state and federal litigation pertaining to all types of labor and employment issues, including California and U.S. Constitutional Law, the Fair Labor Standards Act (FLSA), Title VII, Title IX, the Fair Employment and Housing Act (FEHA) and the Americans with Disabilities Act (ADA).

In his 25-year career, Art has represented clients in a variety of litigation matters, including class actions, writs and jury trials. His litigation practice also includes administrative and binding arbitration hearings before personnel boards, arbitrators and administrative law judges. He has also advised various personnel boards, and currently serves as general counsel to the El Dorado County Civil Service Commission.

Art is also experienced in labor relations and negotiations. As a lead negotiator in collective bargaining, he has represented numerous employers in negotiations with deputy sheriffs, police and fire personnel, managers, service employees, attorneys, and other professional and service employees. Art’s practice also includes management training, counseling and investigations. His public agency and nonprofit clients have included: the City and County of San Francisco; Chabot Space and Science Center; the cities of Tracy, Stockton, San Jose, Fremont and Long Beach; the Santa Clara Valley Water District; and various California counties, including Alameda, Tuolumne and Mendocino.

Art is admitted to practice in the United States Supreme Court; United States Courts of Appeals, 2nd Circuit, 6th Circuit, 9th Circuit; United States District Courts, Northern District of California, Eastern District of California, Central District of California; and all California State Courts.
Suzanne Mason, Director of Human Resources, Napa County, CA

Suzanne Mason has served as the Director of Human Resources for the County of Napa since October 2009. The County of Napa has approximately 1,400 employees with two primary bargaining units. The County recently negotiated long-term agreements with labor representatives including lower tier retirement formulas for miscellaneous and safety employees. Prior to coming to Napa, Suzanne worked for the City of Long Beach in Southern California for 25 years in a variety of capacities including Deputy City Manager and Director of Human Resources. The City of Long Beach is a full service city in Southern California with approximately 6,000 employees represented by nine bargaining units. Suzanne’s career in Long Beach included extensive experience leading budget reduction efforts focused on eliminating a significant structural deficit, optimizing service delivery and introducing the use of Interest Based Bargaining.

Ms. Mason is a graduate of the University of Southern California (USC) and received her Master’s Degree in Public Administration, with an emphasis on Intergovernmental Management. She received a Bachelor’s Degree in History from the University of California at Santa Barbara, with an emphasis on Urban History.

Peter Brown, Partner, Liebert Cassidy Whitmore

Peter Brown has been involved in all areas of Liebert Cassidy Whitmore's practice since 1989, representing public agencies in litigation, collective bargaining negotiations and many different types of administrative hearings. Peter has a unique talent in promptly developing an expertise in most of the laws which impact our public agency clients such as the Fair Labor Standards Act, the Family Medical Leave Acts, and the state labor relations laws. Many of the firm's clients have come to rely on his advice in guiding them in these constantly changing areas of law.

Peter has also distinguished himself as a sought-after speaker, author and trainer on topics that impact our firm's clients. He speaks at numerous conferences throughout the state of California and nationally on public sector labor and employment law topics.

Peter is one of the most prolific and popular presenters in the firm's renowned training activities. Although Peter spends much of his time out of the office in court, hearings, workshops and negotiations, he finds that the most enjoyable part of the practice of public sector labor and employment law is advising clients how to resolve day-to-day
problems. "Helping people resolve a difficult problem is very gratifying. It is why I went to law school." "I want the client to not only know the answer, but specifically what the law says. I show them the law. Most people are visual."

Peter has also published numerous articles and authored the CPER pocket guide to Family and Medical Care Leave. He also co-authored Chapter 4 (Leaves of Absence) of the California Public Sector Employment Law book, State Bar of California/LexisNexis (2011).

Education: JD, Hofstra University School of Law, New York; BA, State University of New York at Binghamton.
Productive Labor Relations and Negotiations

Coaching Programs
May 9, 2012
Coaching Program: 14th year as member benefit
Career Development Committee

Coaching Program: 9th year
Preparing the Next Generation Committee

Platinum Sponsors: CA Communities Joint Powers Authority
Chevron Pacific Gas and Electric Company

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Polling Question #1

How many people are participating at your location?
Overview of Session

1. How are budget challenges and public pressures regarding local government compensation changing the dynamics of labor relations?
2. How are roles in labor relations and negotiations evolving?
3. What are some approaches that are working effectively to resolve differences?
4. How can local agencies come out of these difficult times with constructive working relationships and a productive workforce?
5. What resources are available to help agencies enhance their labor relations and negotiations efforts?

- **Art Hartinger**, Negotiator for City of Fremont, CA, Principal, Meyers Nave
- **Suzanne Mason**, Dir. of Human Resources, Napa Cty, CA
- **Peter Brown**, Partner, Liebert Cassidy Whitmore
- **Don Maruska**, Director, Cal-ICMA and CSMFO Coaching Programs

...and polls and questions along the way.
Polling Question #2

What is your interest in labor relations and negotiations?
Productive Labor Relations and Negotiations

Mark Danaj, Assistant City Manager
Fremont, California

Art Hartinger, Principal
Meyers Nave
FINANCIAL CONSIDERATIONS IN NEGOTIATIONS

- Current budget
- 5 or 10 year plan
- 1-Time versus On-going Costs
- Fiscal Sustainability
- Declining Revenues and Increasing Costs
- Appropriate Reserves
- Unfunded Liabilities
- Recruitment and Retention
- Impacts on Other Services
ROLE OF FINANCE OFFICERS AND BUDGET DIRECTORS

- Subject Matter Expert/Opinion Leader
- Resource to Bargaining Team
- Resource to Management
- Resource to Board/Council
- Presenter / A “Neutral”
- Potential Witness
IMPASSE AND IMPOSITION

- Impasse - check EERR but usually:
  - Either side may declare impasse
  - Written notice
  - Final meeting to (a) try to reach agreement, (b) determine issues in dispute and (c) discuss whether or not can agree to further impasse procedure (i.e. mediation/fact-finding)
  - Last, best and final
IMPASSE AND IMPOSITION

- Imposition
  - Public hearing before governing body
  - Governing body may impose last, best and final
  - For up to one year as Union has right “each year to meet and confer on matters within the scope of representation . . . Prior to adoption by the public agency of its annual budget . . . .”

- Strategies and Legal Issues (e.g. retroactivity)
AB 646 (FACT FINDING)

- Fact finding if union requests
- Effective January 1, 2012
- Panel of three including one neutral
- Consider (1) interests and welfare of public, (2) agency’s financial ability to pay, (3) wages, hours and conditions of employment of employees performing similar services for comparable agencies, (4) CPI for goods and services, (5) overall compensation presently received by employees and (6) other factors typically considered
- Statute does not list “internal comparability” though it provides for a catch-all of other factors typically considered
- Legal ambiguities exist
- Key new role for finance directors!
MESSAGE / RATIONALE MORE IMPORTANT THAN EVER

What is the rationale? *Balancing structural deficit?*  
*Short term vs. long term financial reform?*  
*Policy motivation(s)?*  
*Internal equity?*  
*External comparability?*  
*Combination?*

Need coordinated message (at the table, internal information sharing, external information sharing, in the departments)

Transparency (see attachment)
CONCESSION BARGAINING

- Nature of concession (wage, furloughs, 2nd tier, health, pension contributions, etc.)
- Approach across units. What does equitable mean?
- Leverage / Considerations (layoffs, good will, future of programs, impact on citizens, impact on future negotiations)
- Review layoff provisions closely (Council involvement? Timing constraints? Seniority ambiguities? Bumping / re-assignment questions?)
- Where does council stand?
ADDITIONAL RESOURCES

- Stockton’s “Action Plan for Fiscal Sustainability”

- Fremont FY 2011/12 budget balancing strategies and labor relations guidelines

- Fremont strategic sustainability study
There will be no quick recovery for government

For California cities and towns facing greater economic and population problems in the years and decades to come, the proposed federal stimulus package is woefully inadequate. That's not just a fact. It's a fact.

Friday's column by the editorial board of the San Jose Mercury News today said that the economic recession is not just a fact. It's a fact.

Maintaining the status quo is no longer an option. Rather, as Emmett Carson says, we have to decide what kind of community we want to be, given the resources at hand.

As we all sit and watch passively as protests in Egypt, Yemen, Iran, Saudi Arabia and other Middle East countries, it's easy to overlook the growing strain of government in the United States, but it will be a problem.

Of course, the depth of the crisis differs. Palo Alto will not need the same degree of service cuts that cities in San Jose, which faces a $10 million deficit. And the degree to which city managers have been forced to cut their budgets — which have become a major issue in the past few years — is not a problem.

We welcome your comments, but we ask that you keep them civil and relevant. We are committed to removing any comments that are abusive, off-topic, or contain personal attacks. Thank you for your participation.

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Web: www.mercurynews.com

State must mandate cleaner car rules

It shouldn't take a bipartisan consensus to mitigate that the California's air quality needs to reduce their oil consumption. Only by the largest source of greenhouse gas emissions, do we have the right to publish the change in the state with the current carbon credits and html5.

The best way to solve these problems is to get more energy from clean sources. The biggest challenge is to have the majority of the people's participation in the process.
Budget Development Strategies

1. Reduction in Overall Employee Compensation Expenses
2. Transition to Alternative Service Delivery Models
3. Reduction or Elimination of Services to the Community
4. Revenue Enhancements
CalPERS Rate History
Public Safety Employees

Percent of Wages

- Employer Contribution
- Employee Contribution

-- Projected based on PERS Achieving 7.75% (Could increase to 49% with poor returns)
CalPERS Rate History
Miscellaneous Employees

--- Projected based on PERS Achieving 7.75% (Could increase to 30% with poor returns)
# CalPERS Rates

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<th>2010/11</th>
<th>2011/12</th>
</tr>
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<tbody>
<tr>
<td>Public Safety</td>
<td>29.7%</td>
<td>30.0%</td>
<td>36.5%</td>
</tr>
<tr>
<td>Change from previous year</td>
<td></td>
<td></td>
<td>+$1.6 million</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>18.6%</td>
<td>18.4%</td>
<td>22.9%</td>
</tr>
<tr>
<td>Change from previous year</td>
<td></td>
<td></td>
<td>+$1.9 million</td>
</tr>
</tbody>
</table>

Total Change = $3.5 million
Labor Negotiation Parameters
(Multi-Year Agreements)

**Short -term**
- Compensation reduction equivalent to a 4.25% salary reduction
  - Option to pay via PERS Cost Sharing of Employer Rate

**Long -term**
- 2\textsuperscript{nd} Tier Retiree Medical for new hires
- 2\textsuperscript{nd} Tier Retirement for new hires
  - Safety = 3% @ 55, 36 month calculation
  - Misc. = 2% @ 60, 36 month calculation and 2% COLA
Council Adopted
Labor Relations Policy

1. All labor negotiations will be conducted by designated representatives at the bargaining table. All City representatives operate upon the direction of the City Council.

2. No individual Council member will individually negotiate with any bargaining group member.

3. City representatives commit to keeping the Council fully informed and advising them of all substantive proposals.

4. Each Council member shall inform the City Manager at their earliest convenience and publicly disclose in open session any communications he or she may have had with any City bargaining group member(s) that has any reference to the negotiations.

5. Consistent with Government Code section 54963, confidentiality of closed session discussions will be maintained.
Fremont Labor Relations Results

- All labor associations have settled
  - 7 of 9 labor associations elected PERS cost sharing option
    - 2 of 7 labor associations via PERS Contract Amendment (Fire)
    - Other 5 labor groups cost sharing amount vary
  - 2 of 9 elected salary reduction
- 4 of 9 required mediation from State Mediation and Conciliation Authority
Fremont Lessons Learned

- Openly adopt labor negotiation strategies
- Research options prior to negotiations
- Provide justifying budget information to unions
- Help employees understand benefits of cost sharing retirement costs
  - Pre-tax deduction
  - Public perception / participation with cost of retirement
  - Aligned with pension reform efforts
- Consider hiring outside labor negotiators
- Consider consulting tax attorney (if cost sharing via MOU)
Polling Question #3

What is your agency’s involvement in concession bargaining?
Productive Labor Relations and Negotiations

Suzanne Mason,
Director of Human Resources,
County of Napa

May 9, 2012
Evolving Issues in Labor Negotiations

- Recent Legislative Changes - AB 646 Requires Fact Finding Prior to Going to Impasse
- Negotiating Changes to Retirement
- Open Communication During Negotiations
Evolving Issues in Labor Negotiations

Recent Legislative Changes Make Coming To Agreement A High Priority (AB 646)

- Develop Critical Time Lines & Work Backwards

- Understanding of Comparable Agencies & Agree on Costing Methodology In Advance

- Start with Data – Know Your Costs & Where You Sit In the Market

- Be Clear On Financial Situation & Make Sure it Supports Your Interests
Making the Case for Retirement Changes

• Be Clear About Your Interests
  • Immediate Savings - Increase Employee Contributions
  • Long Term Savings - Lower Formula
  • Incentivizing Longer Careers - Different Formula (2% @ 60 = 2.4% at 63)

• Spend Time Educating Employees
  • Conduct Educational Session Before Negotiations Begin With Experts (See attached Employee Presentation)

• Look for Shared Approaches – Rate Increases and Decreases Shared 50/50

• Be Prepared For Recruitment Challenges
Evolving Issues in Labor Negotiations

Open Communication During Negotiations

- Union’s Are Not Agreeing to Confidentiality
- Union’s Communicating Directly With Elected Officials & Employees During Negotiations
- Develop Strategies for Regular Negotiation’s Updates
- Updates Posted on Intranet Site or Newsletter
- Clearly State Management’s Interests and Progress Made
- Develop Key Messages With Elected Officials and Stick to Them in All Forums (Employee Communication, Public Meetings, Media)
Approaches for Resolving Differences

• Focus on Interests not Positions

• Build Trust and Respect Everyone’s Role in the Process

• Understand the Union’s Interests

• Be Open to Different Ways to Reach Agreement
Approaches for Resolving Differences

Clear Understanding of Your Agency’s Interests (Not Positions)

- Define Interests With Policy Makers Up Front
- Data Must Support Your Interests
- Understand Short & Long Term Consequences
- Set Savings Target & Be Open to Different Ways to Get There
- Be Clear About Consequences of Not Reaching Agreement (Layoffs, Service Reductions)
- Educate Employees On Issues the Agency Faces
Approaches for Resolving Differences

Build Trust and Respect Interests

• Negotiations is a two-way dialog
• Listen to & Fully Explore Union’s Interests – Ask “Why Important”
• Be Open to Different Ways to Meet Each Others Interests (Brainstorm Options)
  • Benefit Contributions, Furloughs, Leave Accruals, Salary Changes, Specialty Pay Changes, Retiree Benefit Changes
• Identify Options With Shared Costs & Benefits
  • Use Revenue Levels As A Trigger Point
  • Share Retirement Rate Gains and Losses
  • Health Insurance Contributions Based upon Percent of Cost
• Provide Documentation that Support your Interests
Creating Productive Work Environment & Engaged Employees

• Build a Culture Based Upon Trust & Respect for All

• Recognize Employees Are the Most Valuable Asset in Delivering Outstanding Service to the Community and Knowledgeable (On the Front Line)

• Open Communication Critical – Include Employees When Considering Changes In Operations, Budget, Policy Changes

• Educate Employees – Budget, Pension, Benefit Costs

• Prioritize Training & Development – As we downsize it is important to invest in those who remain
Resources Available to Support Labor Relations

- Peers In Comparable Agencies
  - Develop Close Working Relationship & Shared Costing Methodology
  - Respond When Asked for Data

- Labor Relations Associations (CalPelra, CPAAC; CSAC; League of CA Cities)

- Finance Director, Budget Manager, Actuary

- Good Legal Advice and Guidance
Polling Question #4

What involvement does your council or board have in negotiations?
Productive Labor Relations and Negotiations

Presented By:
Peter Brown
Approaches That Are Working To Resolve Differences
Approaches That Are Working To Resolve Differences

• Starting the Process with Costing Done and Great Documentation.

• Showing the Bases for the Current Deficit with Clear, Easy to Understand Documentation.

• Showing Projected Future Costs with Actuarials not Guestimates.
Approaches That Are Working To Resolve Differences

• Avoiding Controversial and Questionable Spending.
Approaches That Are Working To Resolve Differences

• Second Tiers which go into Effect more than a Year Later.
Approaches That Are Working To Resolve Differences

- Pension Contributions which go into Effect Over Time.

- Offering Cost Sharing rather than Employees Paying their Member Contribution.
Approaches That Are Working To Resolve Differences

- Non-Economic Enhancements which Impact Quality of Life:
  - Alternative Work Schedules
  - Flexibility with Start Times
Approaches That Are Working To Resolve Differences

• Furloughs Attached to Weekends or Christmas Week.
Approaches That Are Working To Resolve Differences

• Reopeners Based on Increases in Revenue.
Approaches That Are Working To Resolve Differences

• More Released Time for the Union.
Approaches That Are Working To Resolve Differences

• Offering Agency Shop without an Election.
Approaches That Are Working To Resolve Differences

• One Time Money
Resources Available To Enhance Their Labor Relations And Negotiations Efforts
Resources Available To Enhance Their Labor Relations And Negotiations Efforts

- Knowing exactly what your survey agencies are doing on the issues that matter to you. Staff can get this or you can join an organization that compiles this information.
Resources Available To Enhance Their Labor Relations And Negotiations Efforts

• Planning with Finance in Advance with as much Documentation of Real Numbers.
Resources Available To Enhance Their Labor Relations And Negotiations Efforts

• Outside Negotiators with Compassion. The Process is very Psychological.
• Consider Compensation Study and Evaluate whether your Survey Agencies are Appropriate.
Resources Available To Enhance Their Labor Relations And Negotiations Efforts

• Have Your Negotiators go to Interest Based Bargaining Training.
Polling Question #5

Has your agency changed retiree medical benefits?
Contacts for Today’s Session

- **Art Hartinger**, negotiator for City of Fremont, CA, Principal, Meyers Nave ahartinger@meyersnave.com
- **Suzanne Mason**, Dir. of Human Resources, Napa County, CA suzanne.mason@countyofnapa.org
- **Peter Brown**, Partner, Liebert Cassidy Whitmore pbrown@lcwlegal.com
- **Don Maruska**, Director, Cal-ICMA and CSMFO Coaching Programs don@donmaruska.com
Resources and Feedback

Go to “Live Audio & Archives” tab at websites for recordings of this webinar and other professional development resources.

www.cal-icma.org/coaching
www.casmfo.org/coaching

Please complete the follow up survey.
Polling Question #6

How was the webinar of value to you?
Post-Webinar Discussion Questions

1. What’s working in our labor relations and why?
2. Where would it be especially valuable to enhance our labor relations and negotiations?
3. What ideas can we take from the webinar to support constructive and productive results in our agency?
Upcoming session

How to Avoid and Survive Tax Audits
CSMFO Coaching Program
2:00 – 3:30 p.m., PT, Thursday, May 24

Registration is now open:

https://www1.gotomeeting.com/register/378226305
Facts about Napa County Retirement Benefits

- CalPERS Retirement System – largest in the Country

- County spends $17.8 million per year on retirement benefits = 5.4% of the County Budget

- County pays approximately 80% of the overall cost of pension benefits (employees 20%)
Eligibility
• 5 Years Vesting; Age 50

Formula
2.5% @ 55 (2.5 x years of service)
• Example: Employee works for 20 years and retires at age 55, they will get 50% of final compensation in retirement

Final Compensation
Tier 1 – Highest consecutive 12 months (Hired before 9/1/92)
Tier 2 – Average of three Highest Years (Hired on or after 9/1/92)

Cost of Living Adjustment
CPI (Consumer Price Index) or 2% per year - whichever is lower
MOU Cost Sharing Agreement - County and Employees share annual rate increases or decreases equally

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<th>Current</th>
<th>Employee Contribution (% of Salary)</th>
<th>Employer Contribution (% of Salary)</th>
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<tr>
<td>Current</td>
<td>4.3%</td>
<td>17.2%</td>
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<tr>
<td>July 2011</td>
<td>5.4%</td>
<td>18.3%</td>
</tr>
<tr>
<td>July 2012 (Projected)</td>
<td>6.5%</td>
<td>19.4%</td>
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<tr>
<td>July 2013 (Projected)</td>
<td>7.6%</td>
<td>20.5%</td>
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</table>
Post Retirement Health Benefits
Miscellaneous

Retiree Healthcare Benefits – one time choice
• PERS PEMHCA Minimum: $108/month
  OR
  • Accrued Sick Leave Conversion:
    • 8 hours of Banked Sick Leave = value of one month of “employee only” coverage in most commonly enrolled plan (Kaiser)
    • Convert up to 1,248 hours (Beyond 120 hours)
  OR
  • Long-Term Service Conversion (LTSC)
    • 20+ years of continuous full-time service = value of one month of “employee only” coverage in most commonly enrolled plan (Kaiser)
    • Up to age 65
Post Retirement Dental/Vision/Life Benefits – all

Retiree Dental Benefit
• 8 hours of sick leave = 1 month of family Dental coverage
• Convert up to 1,248 hours

Retiree Vision Benefit
• Continued at employee’s expense
• Cost = same as active employees

Retiree Life Benefit
• Provided directly by Hartford at employee’s expense
• Rates determined by Hartford
Questions and Answers
From Employee Retirement Presentations
February 2, 2011

Q: What else can I use my sick leave for if not converted to Health coverage?

A: You can use sick leave balances to purchase PERS service credits, or you may convert some amount for Dental coverage as well.

Q: Do I get the PEMHCA minimum amount after I run out of accrued sick leave conversion?

A: Yes, the PEMHCA minimum amount applies for as long as you choose to be covered under PERS Health plans.

Q: Can I bank the accrued sick leave, and use it after the Long Term Service Conversion runs out at age 65?

A: No, you must choose either the sick leave conversion or the long term service credit at the time you retire.

Q: What are the retiree benefits for management and the Board of Supervisors? Aren’t they different than what you are presenting here?

A: The formula and retirement benefit is the same. However, the retiree health benefits are slightly different, and vary based on position held and years of service. This information is available, and can be found in the Management Compensation Plans (County Policy Manual, policies 37C-(1-5)).

Q: Is a second tier something the County is considering? Is it something the Board of Supervisors can just do?

A: The Board of Supervisors is interested in negotiating lower retirement formulas for future employees (retirement benefits cannot be changed for current employees) and the last MOU with the PSE actually stated this. The County must negotiate retirement benefits with employees and cannot simply change formulas by a vote of the Board of Supervisors outside of the negotiation process.
Q: It was in the paper that a second tier would save the County $12M, isn’t it true that is not immediate savings, but over some longer period?

A: The $12 million in savings figure quoted in the paper represents the savings the County would realize over an 11 year period if they were to negotiate a 2% at 60 formula. The savings would start off very small in the first year, but increase over time as new employees are hired in the lower retirement tier. Any savings generated would be shared 50/50 with the employee based on the cost sharing formula.

Q: Does the second tier formula apply to everyone?

A: No, if the County and the union negotiate a second tier, the new formula would only apply to future employees hired after the contract is amended with PERS, as well as new officials elected after this same date.

Q: What do other agencies have?

A: Different agencies have different formulas for retirement, ranging from 2% at 60 to 2.7% at 55. Most agencies who enhanced retirement benefits in the early 2000s are trying to work to negotiate lower tier formulas similar to those before retirements were enhanced.

Q: What if the County paid off some of the unfunded liability? Wouldn’t that save money and reduce the employee retirement contribution rates?

A: This would reduce the contribution rates; however, given the size of the unfunded liability, it would have to be a considerable payoff in order to have much impact on the contribution rate.

Q: Why were there years when the County did not have any contribution to retirement?

A: This is when the funding status was over 100%, therefore there was no County contribution required, and so the County picked up 100% of the employee contribution. At the time that was 7%.
Negotiations Update
Napa Association of Public Employees, SEIU Local 1021
April 21, 2011

Management Goals for Negotiations:

1. Maintain a good relationship with County employees; they are the County's most valuable asset in providing outstanding service to the community.
2. Improve the County’s long term financial stability by implementing a lower retirement formula for future employees.
3. Treat employees fairly while recognizing the economic challenges the County and our residents face.
4. Minimize ongoing County cost increases due to the economic uncertainty of our times and the unknown future impacts of State Budget changes.

Status of Negotiations:

1. Have completed 7 negotiation sessions – February 7, 2011; March 3, 10, & 24, 2011; April 7, 14 & 21.

2. Tentative Agreements reached on non-economic items include: Holiday Pay, Grievance Procedure Timeframes, Meal Allowance, CPA Certification Pay, LMC Topics, Bereavement Leave, Critical Illness Leave, Union Attendance at New Employee Enrollment, Policy Update Notification.

3. Continuing discussion on non-economic items include: Jury Duty for Graveyard Shift Employees, Alternative Work Schedules and Extra Help Employees.

4. Have completed all Union information requests.

5. On May 5, 2011 will continue discussions on non-economic items and begin discussion of the County’s proposal to provide a 2%@60 retirement formula for future employees.

1. Want to provide a fair retirement that incentivizes employees to work a full career with Napa County.
   a. Retirement age is not 55; in private sector, as with Social Security, most people retire in their 60’s, not their 50’s.
   b. This is the retirement benefit that the County and other public agencies had in the 1980s.

2. Management recognizes a lower tier retirement formula does not produce immediate savings and is not looking for immediate savings from making this change. It will take years of hiring employees in the lower tier to realize significant savings. The goal here is to realize long-term savings that will mitigate increasing costs of benefit enhancements and provide a stable financial foundation for the County. Savings are projected to reach $12.5 million over an 11 year period.

3. The goal in making this change is to control the cost of employee benefits over time; it is not about generating immediate savings. While management welcomes ideas to reduce County costs and improve efficiencies, the change sought with a lower tier retirement for future employees is focused on controlling employee benefit costs.

4. 2% at 60 provides a fair benefit and is almost the same as the current 2.5% at 55 benefit if an employee works until they are age 63. (25 year employee, with $60,000 salary retiring at age 63 receives retirement benefits of $3,125 per month for 2.5% at 55 and $3,022.50 for 2% at 60.)

5. The public expects government to provide reasonable benefits similar to those provided in the private sector. They expect investment in providing service to the community to be the priority and controlling costs for employee benefits is part of that equation. We cannot forget who we work for and who pays the bills.

6. We believe all employees should contribute equally until such time they are paying the full share of the PERS defined employee contribution (2@60 is 7%; 2.5@55 is 8%). The County receives one blended employer rate for all employees no matter what tier they are in. If newer employees contribute less towards retirement than current employees, then the current employees will have to pay more. Until such time everyone is paying their full share of the PERS defined employee contribution differential contributions do not make sense.

7. Savings generated through a lower tier of retirement will be shared with employees through the cost sharing formula based upon the fact that any savings that result from the lower tier will be shared 50/50 between the employees and the County.

8. No current employees will be impacted by this change. Their retirement benefits and formula stay the same. Only future employees hired after the PERS contract can be amended would be affected.
Polling Results from “Productive Labor Relations and Negotiations” webinar

Cal-ICMA and CSMFO Coaching Programs, May 9, 2012

240 locations participating; estimated 545 live audience members

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
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<tbody>
<tr>
<td>How many people are listening on your line?</td>
<td>63% 1 – just myself, 31% 2-5, 5% 6-10, 1% 11-20, 0% 21 or more</td>
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<tr>
<td>What is your interest in labor relations and negotiations topic?</td>
<td>74% Management role, 51% HR person, 22% Employee interest, 30% Finance professional, 3% Other</td>
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<td>What is your agency’s involvement with concession bargaining?</td>
<td>56% We’ve already done it, but interested for future ideas, 19% We’re part way through concession bargaining seeking ideas, 12% We’re beginning to discuss this issue, learn from others, 5% Our agency is not seeking concessions, 6% Other</td>
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<td>What involvement does your council or board have in negotiations?</td>
<td>79% They review and provide guidance during closed session only, 33% They communicate informally with parties during negotiations, 6% Some actively participate at the table during negotiations, 3% Other (send note via webinar), 7% Not applicable</td>
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<td>Has your agency changed retiree medical benefits?</td>
<td>18% No, and our agency is not considering it, 22% No, but our agency is considering it, 35% Yes, our agency has reduced the benefits, 8% Yes, our agency has eliminated the benefits, 18% Other</td>
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<td>How was the webinar of value to you?</td>
<td>66% stimulated ideas for approaches to improve labor relations, 56% provided points of comparison for our agency, 84% identified some issues and strategies to consider, 53% gave concrete examples and resources that we can consider, 1% other (send comments via Question on webinar)</td>
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