

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisor Stone

SUBMITTAL DATE: February 9, 2011

SUBJECT: Prudent Responsible Employee Pension Accountability Reform Enactment (P.R.E.P.A.R.E.)

RECOMMENDED MOTION: That the Executive Office analyze compensation and pension costs for safety employees, including the elements detailed below. The Executive Office shall report the results to the Board as an element of the county's comprehensive pension review and include information about the process for placing a prospective ballot measure regarding safety compensation before voters.

BACKGROUND: Public Safety pension obligations have become an enormous and insurmountable liability for many cities and counties in California. The future financial uncertainty of many cities and counties, as a result of very generous and lucrative pensions, places a devastating burden on public coffers. These generous pensions are no longer commensurate with the economics of this new era of declining financial resources. It is incumbent on the county to P.R.E.P.A.R.E. for future fiscal solvency. Without realistic pension reform, cities and counties will move toward fiscal insolvency and a disruption in public safety services that citizens demand and expect.

This Board has taken responsible action to manage out-of-control pension obligations and other costs and has negotiated collective bargaining agreements with many employee unions to establish long-term county cost savings (See attachment A). The Board must explore all options available to safeguard the county's solvency and must understand the cost reductions that accompany adjustments in pension formulas and in shifting responsibility for pension contributions to public-safety personnel.

Therefore, the Executive Office report should provide data on cost elements related to the following potential changes:

1. Public safety employees represented by the Riverside Sheriff's Association will be eligible to retire at 55 years of age in lieu of 50;
2. The pension formula will be reduced from 3 percent to 2 percent for each year of service with the county.
3. Public Safety employees will pay 100 percent of their employee retirement contribution for the lifetime of their employment with the county.
4. All salaries shall be frozen in each salary step. Cost of living adjustments (COLAs) must be approved only by a vote of the electorate.
5. Suspend the \$25 per bi-weekly pay period contribution by the County to the RSA Benefit Trust, for each employee in the Law Enforcement Unit, as a funding mechanism for Retiree Health Coverage. This expense is paid as a contribution to future retirement medical expenses, above and beyond the cost for current medical benefits, and would save \$1.7 million annually.



Jeff Stone, Third District Supervisor

SUMMARY OF CONCESSIONS BY UNIT

Attachment A

Term Imposition/ Agreement	SEIU		RCDDAA		Mgmt./Unrep.	LIUNA		PSU	
	11 months Imposed then Agreement	12 months Agreement	11 months Imposed	12 months Agreement		No Term	23 months Agreement	5 months Imposed	20 months Agreement
Furlough/ Unpaid Personal Hours	208		144		160	208	40		
Flex Benefit Reduction			\$100/mo.		\$100/mo.		\$227.82/ mo		\$227.82/ mo
401(a) Contribution			Reduced to \$25/bi-week		Reduced to \$25/bi-week				
Annual Leave Buydown			Cap @ 40 hours/year		Cap @ 40 hours/year				
Merit Increases	Frozen	Frozen	Frozen	Frozen	Frozen	Frozen	Frozen	Frozen	Frozen
Subtotal of Cost Savings:	10%		10%		10.6%	10.6%	2.83%		6.45%
Subtotal of Savings to Stop Payroll Growth:	1.7%		2.8%		2.0%	2.0%	0.19%		1.59%
Total % Savings:	11.7%		12.8%		12.6%	12.6%	3.02%		8.04%
Total Savings* (Dollar):	\$59,447,410		\$4,557,180		\$23,313,440	\$51,745,825	\$4,835,303		

TOTAL: \$143,899,158

*Net County Cost for the above number's approximately 30%