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

FROM: Supervisor Bob Buster **SUBMITTAL DATE: September 20, 2011**

SUBJECT: Review & Clarification of Board Direction on Pension Reform.

RECOMMENDED MOTION: That the Board of Supervisors:

That the Board reaffirm its policy for pension reform adopted unanimously on March 29, 2011 as Item 2.0, which approved instituting a Tier II (lower benefit formula) for new employees immediately including (A) 2% @ 60 plan for miscellaneous and (B) 2% @ 55 for safety, as well as basing pensions on the average of the last three years earnings and eliminating employer paid member contributions to save taxpayers over $200 million in the next ten years.

BACKGROUND: The Board took this action in open session after having considered extensive analysis by independent skilled pension actuaries, employee recruitment and retention consultants, and legal experts. The Board's position was also supported by the November 2010 countywide vote approving Measure M by over 60 percent, which authorized supervisors to reduce pensions for new hires.

The County carried out this new pension benchmark as it applies to new public safety employees by negotiating to impasse with RSA and then imposing the new pension formula 2% @ 55. Negotiators are now bargaining with unions representing miscellaneous workers.

One other Board action and two significant developments have occurred since the Board adopted this policy which underscore the need for the Board to clarify and support this policy again.

- The Board adopted by a three-to-two majority Item 3.56 on April 26, 2011 a "Statement ... Concerning Pension Reform and Collective Bargaining" which recommended in part "that members of the Board of Supervisors should refrain from meeting with union representatives during negotiations ..."
- The County's economic outlook, as presented last week during budget deliberations, is much bleaker than previously forecast. With high local unemployment and 172,000 homes still facing foreclosure, future property tax revenue will not increase markedly.
- RSA has filed suit against the County to overturn the imposition of the new safety pension formula.

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Bob Buster

BOB BUSTER
1st District Supervisor

Prev.Agn.ref **Dist.** **AGENDA NO.** 3.21

It is therefore imperative that the Board and County continue to carry out the pension reforms consistently and in their entirety to gain maximum long-term savings, allowing the County and future Boards to maintain employment and better service levels. It would be irresponsible to seek short-term pay/benefit concessions from unions while shifting on-going unnecessary pension costs on future budgets. Offering higher pensions to new miscellaneous employees would cost the County from $60 million to $90 million more over the next ten years. These higher pensions for new miscellaneous employees, who would also receive Social Security, will be higher than the pension established for new safety hires. I cannot support giving general employees higher pensions than public safety's.

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

FROM: Supervisor John Tavaglione & Supervisor John Benoit

SUBMITTAL DATE: April 26, 2011

SUBJECT: Statement of the Riverside County Board of Supervisors Concerning Pension Reform and Collective Bargaining

RECOMMENDED MOTION: That the Board of Supervisors recognize that all current and future discussion related to wages and pension reform should occur through the formal process of collective bargaining. The Board requests all employee bargaining units currently representing Riverside County employees enter into collective bargaining in order to address the current economic crisis facing Riverside County. Further, that members of the Board of Supervisors should refrain from meeting with union representatives during negotiations, or making public demands that should occur at the negotiation table.

BACKGROUND: Riverside County has suffered the worst economic crisis in its history. General fund revenues have dropped from \$785 million in 2007 to \$592 million in 2010, a loss of \$193 million. Among other responsive actions, the Board has, on numerous occasions, discussed the need for a second tier retirement plan for new employees. Further, that all current and future employees must assume additional responsibility for the employee's contribution costs of their pensions.

While pension reform is necessary and inevitable for current and future employees, the County is committed to negotiating with its employee unions to reach mutual agreement on this important matter. The County believes that mutual agreement on pension reform is in the best interests of the County, its employees, and County-Union labor relations.

(Background Continued on Page 2)

John Tavaglione
Supervisor, Second District

John J. Benoit
Supervisor, Fourth District

FORM 11
(Rev. 8/96)

Prev.Agn.ref.

Dist.
2nd & 4th

3.56 AGENDA NO.

BACKGROUND CONTINUED:

The County therefore asks all of its unions to come to the table to negotiate and reach mutual agreement on pension reform terms in the best interests of County employees. Due to economic circumstances, such agreements must be reached in the near future to avoid the need for alternative unilateral action.

In addition, County Supervisors should refrain from commenting on issues related to ongoing collective bargaining in public, or from the dais, and from meeting with union representatives during the collective bargaining process. Interference from elected officials can undermine the collective bargaining process, and Supervisors must ensure that the role of bargaining is carried out solely by the County's professional negotiators.

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

FROM: County Executive Office

SUBMITTAL DATE:
March 29, 2011

SUBJECT: PENSION REFORM – NEW EMPLOYEES

RECOMMENDED MOTION: That the Board approve, in concept, the following Pension Reforms:

1. Institution of a Tier II (lower benefit formula) plan for new employees immediately including:
   A) 2% @ 60 plan for miscellaneous.
   B) 2% @ 55 plan for safety.

2. Institution of a three-year final average earnings for new employees immediately, for:
   A) Miscellaneous employees.
   B) Safety employees.

3. Eliminate employer paid member contributions (EPMC) for all new employees immediately including:
   A) Miscellaneous employees: 8% EPMC.
   B) Safety employees: 9% EPMC.

4. Direct Human Resources to return with appropriate resolutions to approve this policy.

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FINANCIAL DATA	Current F.Y. Total Cost:	$	In Current Year Budget:
	Current F.Y. Net County Cost:	$	Budget Adjustment:
	Annual Net County Cost:	$	For Fiscal Year:

SOURCE OF FUNDS:

Positions To Be Deleted Per A-30	☐
Requires 4/5 Vote	☐

C.E.O. RECOMMENDATION: APPROVE

BY: Bill Luna
Bill Luna

County Executive Office Signature

Departmental Concurrence

Dep't Recomm.: ☐ Consent ☒ Policy

Per Exec. Ofc.: ☐ Consent ☒ Policy

Prev. Agn. Ref.: | **District:** | **Agenda Number:** **2.0**

BACKGROUND: The Board has received extensive and comprehensive reports from its consultants on Pension Reform. Clearly, given the severe budget distress the County is presently experiencing, as well as the need to realign revenues with future growth expectations, reform is in order.

The motions presented will provide immediate cost savings through the EPMC shift as well as long-term savings through institution of a Tier II pension.

The 2% @ 60 plan is the benchmark for the reform of the miscellaneous plan, the 2% @ 55 yields the greatest savings for the safety plan.

Recommendations will be forthcoming for pension reform for current employees.

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