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PERB CASE NO. LA-IM-265-M
FACTFINDER CASE NO. 18-06-07FF

FACTFINDING PROCEEDINGS PURSUANT TO
THE MEYERS-MILIAS-BROWN ACT

SANITATION DISTRICTS OF LOS ANGELES
COUNTY

and

AMERICAN FEDERATION OF STATE, COUNTY AND
MUNICIPAL EMPLOYEES DISTRICT COUNCIL 36

Issue: Impasse in 2017 First MOU Negotiations

NEUTRAL FACTFINDER
PANEL CHAIR
RECOMMENDATIONS

September 28, 2018

FACTFINDING PANEL

Factfinder for the Union:

Steve Koffroth
Field Director
AFSCME District
Council 36

Factfinder for the Employer:

Matthew Eaton
Assistant Department Head,
Financial Management,
Sanitation Districts of Los
Angeles County

Neutral Factfinder Panel Chair:

Renée Mayne
Arbitrator, Mediator

APPEARANCES

For the Union:

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Sanitation Districts of Los
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Jennifer Allen
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INTRODUCTION

This factfinding arose due to an impasse in collective bargaining under the State of California Meyers-Milias-Brown Act (MMBA) Government Code §3505.4 between the American Federation of State, County and Municipal Employees District Council 36 (Union, AFSCME) and the Sanitation Districts of Los Angeles County (Districts, Employer).

Under the procedures of the California Public Employment Relations Board (PERB), Renée Mayne was appointed by the parties to serve as the Neutral Factfinder Panel Chair. (PERB letter June 12, 2018) Matthew Eaton was appointed by the Districts as the Panel Member to represent the Employer, and Steve Koffroth was appointed by AFSCME as the Panel Member to represent the Union.

The parties agreed all procedural requirements of the impasse had been met, and the dispute was properly before the Factfinding Panel to issue its recommendations to resolve the impasse in collective bargaining. The parties waived the applicable statutory timelines for these factfinding proceedings. (Union email July 31, 2018; Employer email August 1, 2018)

The factfinding hearing was held on August 28 and 29, 2018, at the Districts' administrative office in Whittier, California. The parties had full opportunity to present and submit relevant exhibits and evidence, and to discuss and argue the issues in dispute. After the conclusion of the hearing the factfinding record was closed on August 29, 2018, and the dispute was submitted for the Panel's review and recommendations.

ISSUES AT IMPASSE

- I. Salary and Employee Pension Contribution
- II. Christmas Eve Holiday Leave
- III. Representation at New Employee Orientations
- IV. Districts-Provided Employee Information to Union
- V. Binding Grievance Arbitration
- VI. Joint Labor-Management Cost Containment Committee

GOVERNING STATUTE

MMBA Government Code §3505.4(d) sets forth the criteria to be used in the factfinding process.

In arriving at their findings and recommendations, the factfinders shall consider, weigh, and be guided by all the following criteria:

- (1) State and federal laws that are applicable to the employer.
- (2) Local rules, regulations or ordinances.
- (3) Stipulations of the parties.
- (4) The interests and welfare of the public and the financial ability of the public agency.
- (5) Comparison of the wages, hours, and conditions of employment of the employees involved in the factfinding proceeding with the wages, hours, and conditions of employment of other employees performing similar services in comparable public agencies.
- (6) The consumer price index for goods and services, commonly known as the cost of living.
- (7) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- (8) Any other facts, not confined to those specified in paragraphs (1) to (7), inclusive, which are normally or traditionally taken into consideration in making the findings and recommendations.

SUMMARY OF FACTS

During a two-month period, between March and April 2017, AFSCME was recognized as the exclusive bargaining representative of employees in five bargaining units at the Districts, four of which were beginning negotiations for new agreements. The four units were designated as Professional, Professional Supervisory, Confidential, and Supervisory. Most of the bargaining unit employees are engineers or certificated professionals who specialize in solid waste and wastewater treatment.

SUMMARY OF FACTS

The Union and the Districts commenced negotiations for a first Memorandum of Understanding (MOU) in April 2017. After 12 months of negotiations and approximately 40 negotiation sessions, in April 2018, the Districts declared impasse with the Union.

From May to August 2018, the parties engaged the services of a mediator, but they were unsuccessful in achieving a full agreement for a first contract. Factfinding that was requested in May 2018, was held in abeyance pending the outcome of mediation. (Employer Ex. 7)

The employees of the Districts perform necessary and important sanitation services for approximately 5.6 million people in Los Angeles County. The organization was established in 1923 to construct, operate and maintain facilities that collect, treat, and dispose of domestic and industrial wastewater. The Districts consist of 24 independent special districts, each have a board of directors that includes the mayor of each city served and the chair of the county board of supervisors for unincorporated areas. The service area covers approximately 850 square miles and includes 78 cities and unincorporated areas within the county. (Employer Ex. 1)

This collective of 24 special districts work under a joint administration agreement with one administrative staff headquartered in Whittier. The Districts have two primary budgets: for Fiscal Year 2018-19, the wastewater budget is \$678 million, and the solid waste management budget is \$175 million. (Employer Ex. 1) Voluntary employee turnover has been minimal, 3.13% within the past 2 years. (Employer Ex. 16)

Of the 1,588 employees employed at the Districts, 467 employees are in the four new bargaining units that are at impasse in collective bargaining for a first contract. (Employer Ex. 2) Below is the summary of facts presented through these factfinding proceedings that describes the issues at impasse.

I. Salary and Employee Pension Contribution

The most challenging of the issues at impasse for the parties, was how to address rising pension costs. Since 1982, the Districts have paid the employee-share of their mandatory 7% contribution to CalPERS (Employer Paid Member Contribution, EPMC) in lieu of the cost of the cost of living adjustment (COLA) increase predicated by the formula at the time. (Union Ex. 11)

In 2012, California enacted the Public Employee Pension Reform Act (PEPRA). Under PEPRA, which took effect in January 2013, it is prohibited for employers to pay the employee-share of the pension plan for new PEPRA-covered employees (who are not eligible “Classic” employees). In addition, PEPRA set as a standard but not a requirement, that Classic employees (those hired before PEPRA was in effect) contribute half the normal cost to their pension.

Both parties submitted evidence that most regional employers who had been paying the employee-share of CalPERS for Classic employees, began to negotiate a conversion aligned with the intent of the PEPRA legislation. One major issue in dispute between the parties was whether the conversion should occur fully in two years per the Union’s proposal, or partially over multiple years as in the Districts’ proposal. However, the length of time for conversion was tied directly to and driven by the parties’ proposals for salary. (Union Ex. 7, 8; Employer Ex. 9)

The Districts have a Personnel Committee to hear and consider personnel matters. This committee also gives direction for labor negotiations. In February 2018, the Personnel Committee voted unanimously to support the Districts’ pension proposal to mitigate rising costs. The Districts presented information showing that the Union’s proposal, if applied to all other employees, would cost \$23.2 million more than the Districts’ proposal. (Employer Ex. 13,14)

The Districts had recently negotiated a pension cost-sharing conversion agreement with two bargaining units and one non-represented employee unit. The agreement with the largest bargaining unit provided employees a minimum 3% COLA for five years, if there was a greater

SUMMARY OF FACTS

than zero increase in the consumer price index (CPI) per year. In exchange, the employees would incrementally pay 0.5% more each year toward the CalPERS-required 7% employee-share contribution to the pension plan. In total, over a five-year contract, the employees would receive a minimum 15% COLA in their base salary while paying 2.5% of their pension costs.

Under this agreement, Classic employees would continue to have their remaining employer-paid member contribution to the pension plan counted as compensable income for the purpose of calculating their pension benefit, though the employee contribution would not be compensable for calculating pension benefits. The employer-paid member contribution option under CalPERS, adopted by the District in 1982, is not available to PEPRA-covered employees.

Per the Districts' proposal to the Union, employees covered by PEPRA would receive the same salary increases as Classic employees. This would ensure the salary ranges remained consistent between Classic and PEPRA-covered employees working in the same classification. (Union Ex. 7, 8; Employer Ex. 9)

Information was provided by both parties that identified regional employers who had made the transition for their Classic employees to pay the employee-share of the pension. Most regional employers had negotiated agreements where employees paid their full share over three to five years or more, and the majority had an overall lower net salary increase after factoring in the contribution. (Union Ex. 50; Employer Ex. 12)

In June 2017, CalPERS estimated the Districts' employer-share costs would increase from 24.9% of payroll in Fiscal Year 2019-20 to 30.2% in 2024-25. The projected payments during this period were down to \$308 million, \$25 million lower than CalPERS' 2016 projections. The Districts' post-employment health insurance would increase 2019-20 costs by another 16%. (Union Ex. 19:5)

SUMMARY OF FACTS

As shown in the chart below, there were two salary proposals: (1) an annual COLA based on the CPI that both the Union and Districts agreed upon; and (2) two additional salary increases for Classic and PEPRA-covered employees, proposed by the Union, that are equal to the Union's proposal for Classic employees' contribution toward their pension costs. (Employer Ex. 4)

	<u>Districts Proposal</u>	<u>Union Proposal</u>	<u>Union Proposal</u>	<u>Union/Districts Proposal</u>
Fiscal Year	Classic EE Pension Contribution	Classic EE Pension Contribution	Pension Contribution Conversion Payment to Classic and PEPRA EE's	COLA for Classic and PEPRA EE's
17-18	0.5%	3.5%	3.5%	CPI greater than zero, up to 3% = 3% COLA; COLA increases as CPI rises above 3%, each year
18-19	0.5%	3.5%	3.5%	
19-20	0.5%	0	0	CPI greater than zero, up to 3% = 3% COLA; COLA increases as CPI rises above 3%, each year
20-21	0.5%	0	0	
21-22	0.5%	0	0	
TOTALS	2.5% EE paid to pension	7.0% EE paid to pension	7.0% increase in salary	15.0% salary increase, or more (currently 15.5% as of 2018 CPI data)

The Union's main objections to the Districts' salary proposal was that: (1) some comparable agencies had negotiated a full salary increase equal to the cost of the employee-share conversion, even during and immediately following the Great Recession; (2) PEPRA-covered employees began contributing toward the pension in 2017 with less advance notice than they would have preferred; and (3) the Districts could afford to pay the cost of the Union's proposal, because the Districts' budgets and rates already incorporated the anticipated pension costs from the 2015 actuarial projections, payment of 7% of the CalPERS EPMC for both Classic and PEPRA-covered employees, and 3% COLA raises each year. (FF Hearing)

SUMMARY OF FACTS

The Districts' primary objections to the Union's pension and salary proposals were: (1) the higher cost of the Union's proposal; (2) PEPRA-covered employees would be paid an amount that appeared to be in contradiction to the legislation; (3) pursuant to the intent of a most favored nation clause, the Districts would be required to extend the same terms to another bargaining unit and would bear those additional costs; and (4) the Union's proposal did not provide net pension cost-sharing by Classic employees. (FF Hearing)

II. Christmas Eve Holiday Leave

A long-standing practice was for employees working on Christmas Eve to be released early if their job responsibilities permitted them to do so. In 2002, the practice was memorialized to provide on-duty employees 4 hours off on Christmas Eve. (Union Ex. 48)

The Districts proposed in the new contract to maintain what it believed was the status quo. Employees whose work required they stay the full shift on Christmas Eve were paid 4 hours straight-time additional pay. (FF Hearing; Employer Ex. 9:25 Professional Unit)

The Union interpreted the practice differently, that Christmas Eve was a four-hour holiday with straight-time pay, regardless of whether the employee was scheduled to work. The Union showed how they believed the Districts had previously conveyed that message through their correspondence. (FF Hearing; Union Ex. 46, 48)

III. Representation at New Employee Orientations

With the passage of the California law that required employers to allow unions to meet with newly hired employees at their job orientation, the Union proposed that one representative from each of the applicable AFSCME bargaining units be permitted to attend the new employee orientation for up to 10 minutes during on-duty time. Using on-duty time to communicate with

SUMMARY OF FACTS

employees at their orientation would be similar to on-duty time for communicating with employees during grievance handling. The Districts' proposal was for unpaid release time. (FF Hearing; Union Ex. 4; Employer Ex. 9:93-94 Professional Unit)

IV. Districts-Provided Employee Information to Union

The Union proposed that the Districts provide a monthly report that included the following: employee name, employee number, bargaining unit, classification title and level, step in salary range, work location, work phone, work email, hire date, home address, home phone, home email, personal cell phone, birth date, gender, ethnicity, deduction amounts and types. The Districts proposed that it provide a monthly report that included the employee name, employee number, base rate of pay, deduction amount, hire date, pay rate and work email. (Union Ex. 1; Employer Ex. 9:99 Professional Unit)

The Districts' more limited proposal was intended to protect employee privacy. To better represent employees, the Union was seeking extensive information that is on-point with mandatory subjects of bargaining. Also, under the law, employees may opt out of having certain personal information disclosed to the bargaining representative (home address and phone, personal cell phone number, personal email address and birth date). (FF Hearing; Union Ex. 54)

V. Binding Grievance Arbitration

The Districts proposed binding arbitration for discipline, and advisory arbitration for contract interpretation grievances. The Union proposed binding arbitration for all discipline and contract grievances. The Union's proposal was based upon the facts that binding arbitration is a standard in their contracts, and the Districts recently agreed to binding grievance arbitration with another union, the largest of the nine bargaining units at the Districts. (FF Hearing; Union Ex. 4; Employer Ex. 9:93-94)

VI. Joint Labor-Management Cost Containment Committee

The Union proposed a cost containment committee be established to allow management and union members to work together to identify cost savings, and the Union would strive to produce the savings to address rising pension costs. The committee would then make recommendations to the Districts' governing board. The Districts rejected the Union proposal because savings occurred within projects, and saving costs was the job of engineers and other employees who developed, implemented and monitored projects. (FF Hearing; Union Ex. 42)

POSITION OF THE UNION

The Union said its position in negotiations reflected why the employees voted in 2017 to have AFSCME as their union. The employees were concerned about the potential impacts of the Districts' proposal for conversion to pension cost-sharing for Classic employees, and the cost of PEPPRA-covered employees' required equal cost-sharing with their employer.

The Union argued that the 2017 and 2018 COLA's, 3.00% and 3.50% respectively, must be implemented retroactively. Without retroactivity, employees would lose sizable sums for taking a stand in collective bargaining. Regarding the pension conversion for Classic employees, the Union held that an agreement must ensure vested pension rights are not compromised. (FF Hearing)

POSITION OF THE EMPLOYER

The Districts stated it did not make an inability-to-pay argument. However, the governing board had made the decision that to help mitigate rising post-employment benefit costs, all employees should contribute toward their share of the pension plan. The Board's concern was not just CalPERS costs, but the combination of other post-employment retirement

POSITION OF THE EMPLOYER

benefits the Districts pay toward, namely retiree health insurance. The Districts averred that their proposal was prudent and fair to all.

The Districts maintained they could pay increasing pension costs in the short term, and in the long term the Districts could raise rates and pass the increasing costs to ratepayers. However, increasing rates could also have a significant impact on operations at the solid waste facilities.

(FF Hearing)

NEUTRAL FACTFINDER PANEL CHAIR DISCUSSION

I. Salary and Employee Pension Contribution

The Union and the Districts concurred on the COLA formula for a five-year agreement, therefore, the Neutral Panel Chair recommends their proposal. The Union proposed COLA retroactivity, and the Neutral Panel Chair concurs with the Union's reasoning: (1) that all other Districts employees received full COLAs; and (2) AFSCME-represented employees would lose sizeable sums of money for assertively negotiating their first labor contract.

The Districts believe retroactivity sets a precedent that may make future negotiations more difficult. The Neutral Panel Chair does not concur with this position, because these negotiations were held under the unique circumstances of newly-organized employees negotiating their first MOU. This involved the impacts of PEPRA-covered employees beginning to contribute their required employee-share of the pension, and Classic employees' initial conversion to pension cost-sharing.

In addition to the COLA, the Union proposed that Classic employees contribute toward the cost of the pension, commencing with 3.5% in the first year, then 7% in the second year and thereafter in perpetuity. To offset this cost, the Union proposed that Classic employees receive a 3.5% salary increase each year for two years. The Union also proposed that PEPRA-covered

NEUTRAL FACTFINDER PANEL CHAIR DISCUSSION

employees receive this same salary increase. This is in addition to the annual COLA all bargaining unit employees would receive. The Neutral Panel Chair does not find the Union's argument and evidence submitted in support of this proposal to be persuasive.

The evidence showed that more regional public agencies had negotiated longer conversion periods and less in minimally guaranteed salary increases. The majority of other agencies had provided an overall lower net salary increase after factoring in the contribution, though many of the contracts were negotiated during the Great Recession. Further, the proposed 7% salary increase for PEPPRA-covered employees appears inconsistent with the legislation.

The Neutral Panel Chair finds that the Districts' proposal, where Classic employees pay a part of their share of the pension cost cumulatively over five years, 0.5% per year resulting in a total payment of 2.5%, is more aligned with the comparable information submitted by the parties. Further, the Districts were persuasive in their argument against the cost of the Union's proposal, when applied to another bargaining unit who agreed to the Districts' proposal but with a most favored nation clause.

The Union made a persuasive argument in favor of preserving vested pension rights of Classic employees in either model of conversion. The Neutral Panel Chair recommends contract language that does not relinquish vested pension rights, nor grant vested pension rights not in existence on the date(s) of conversion.

Therefore, in accordance with Government Code 3505.4(d)(5)(7) the Neutral Factfinder Panel Chair recommends: (1) the Union and Districts' proposal for five-year cost of living adjustments; (2) the Union's proposal for retroactive cost of living adjustments for 2017 and 2018; (3) the Districts' proposal for Classic employees to contribute toward the pension plan, applied retroactively in conjunction with the retroactive COLA; and (4) contract language that

NEUTRAL FACTFINDER PANEL CHAIR DISCUSSION

does not relinquish vested pension rights, nor grant vested pension rights not in existence, on the date(s) Classic employees pay part of or all the CalPERS Employer Paid Member Contribution.

II. Christmas Eve Holiday Leave

While the Union asserted that the original intent of the 4-hour holiday was for all employees to be paid the holiday, regardless of whether the employee was assigned to work, the evidence presented during the hearing favored the Districts' proposal to maintain the status quo. Mainly, that no grievance was ever filed alleging that the practice of not paying 4 hours straight-time on Christmas Eve to those who did not work on that day was a violation.

Therefore, in accordance with Government Code 3505.4(d)(2)(8) the Neutral Factfinder Panel Chair recommends the Districts' proposal for Christmas Eve holiday leave.

III. Representation at New Employee Orientations

The Neutral Panel Chair finds that the Union's proposal for paid release time, for representatives of the applicable bargaining units to meet with new employees during their orientation for up to 10 minutes, to be reasonable and within the scope of representation.

Therefore, in accordance with Government Code 3505.4(d)(1) the Neutral Factfinder Panel Chair recommends the Union's proposal for representation at new employee orientations.

IV. Districts-Provided Employee Information to Union

The Districts are required to provide information to the Union, that is necessary and relevant to representation, and is available. This includes certain information about employees in the bargaining unit. While the amount of information requested by the Union is substantial, the Neutral Panel Chair finds that the Union's proposal is within the scope of representation.

NEUTRAL FACTFINDER PANEL CHAIR DISCUSSION

Therefore, in accordance with Government Code 3505.4(d)(1) the Neutral Factfinder Panel Chair recommends the Union's proposal for providing employee information to the Union.

V. Binding Grievance Arbitration

The Neutral Panel Chair finds that the Union's proposal for binding grievance arbitration is well-reasoned, primarily based upon the fact that the Districts had recently agreed to extend binding arbitration to contract interpretation grievances with another union.

Therefore, in accordance with Government Code 3505.4(d)(5) the Neutral Factfinder Panel Chair recommends the Union's proposal for binding grievance arbitration.


VI. Joint Labor-Management Cost Containment Committee

The Neutral Panel Chair finds that the Union is well-intentioned in trying to save the Districts costs. It would be prudent for the parties to meet periodically and discuss ideas for cost containment. However, the Neutral Panel Chair does not find that the reporting of the outcomes of such a committee to the Districts' governing board as appropriate or necessary, because brainstorming for cost containment is an administrative function.

Therefore, in accordance with Government Code 3505.4(d)(8) the Neutral Factfinder Panel Chair recommends the parties meet to discuss cost containment upon the request of either party, up to a maximum of four (4) times per year unless the parties mutually agree to meet more than four times in a 12-month period.

NEUTRAL FACTFINDER PANEL CHAIR RECOMMENDATIONS

- I. Salary and Employee Pension Contribution – In accordance with Government Code 3505.4(d)(5)(7) the Neutral Factfinder Panel Chair recommends: (1) the Union and Districts' proposal for five-year cost of living adjustments; (2) the Union's proposal for retroactive cost of living adjustments for 2017 and 2018; (3) the Districts' proposal for Classic employees to contribute toward the pension plan, applied retroactively in conjunction with the retroactive COLA; and (4) contract language that does not relinquish vested pension rights, nor grant vested pension rights not in existence, on the date(s) Classic employees pay part of or all the CalPERS Employer Paid Member Contribution.
- II. Christmas Eve Holiday Leave – In accordance with Government Code 3505.4(d)(2)(8) the Neutral Factfinder Panel Chair recommends the Districts' proposal for Christmas Eve holiday leave.
- III. Representation at New Employee Orientations – In accordance with Government Code 3505.4(d)(1) the Neutral Factfinder Panel Chair recommends the Union's proposal for representation at new employee orientations.
- IV. Districts-Provided Employee Information to Union – In accordance with Government Code 3505.4(d)(1) the Neutral Factfinder Panel Chair recommends the Union's proposal for providing employee information to the Union.
- V. Binding Grievance Arbitration – In accordance with Government Code 3505.4(d)(5) the Neutral Factfinder Panel Chair recommends the Union's proposal for binding grievance arbitration.
- VI. Joint Labor-Management Cost Containment Committee – In accordance with Government Code 3505.4(d)(8) the Neutral Factfinder Panel Chair recommends the parties meet to discuss cost containment upon the request of either party, up to a maximum of four (4) times per year unless the parties mutually agree to meet more than four times in a 12-month period. (Union proposal modified)


RENÉE MAYNE
Neutral Factfinder Panel Chair


Date

Factfinder for the Union: Steve Koffroth, Field Director of AFSCME District Council 36, provided in the attached letter, the Union's concurrences and dissents with the recommendations contained in this Factfinding Report.

Factfinder for the Districts: Matthew Eaton, Assistant Department Head, Financial Management of the Sanitation Districts of Los Angeles County, provided in the attached letter, the Districts' concurrences and dissents with the recommendations contained in this Factfinding Report.

This panel member concurs with the report with the following exceptions:

Though the Neutral Factfinder credits the Union's argument as "persuasive", the statutory framework of fact finding deprives her authority to rule on legal questions. While we appreciate her recommendation, it does not adequately address what the Union views as legally vested pension contributions. The Union is advised that it may not enter into an agreement and still maintain its legal position without (1) a clear showing that those vested rights are preserved in the MOU (Vallejo Police Officers Association v. City of Vallejo) and/or (2) a comparable new advantage (Betts v. Board of Administration) (Union Tab 17).

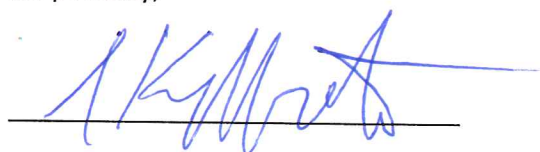
The Union's proposal for a "full swap" commits employees to pay 7% of their pension contribution¹ AND provides a comparable new advantage by giving employees a 7% raise (effectively reversing the 1982 arrangement at the source of this issue).

In contrast, the Districts' proposal commits employees to pay 2.5% of their pension contribution AND delivers a disadvantage by taking 2.5% out of employees' COLA. The net effect reduces total compensation by 2.5%.

Furthermore, this panel member believes the following criteria were not given sufficient weight:

1. The Union has shown that wages and total compensation for these Districts' employees were comparable to those at similar public agencies in a study by Orange County Sanitation District in 2016. (Union Tab 24). Since the COLA formula already discounts the full effect of consumer price increases (now hovering around 4%), the Districts' proposal will further drive employee compensation below that of comparable public agencies.
2. The Districts employ an efficient, award-winning workforce who deliver top-notch services at substantially lower rates (Union Tabs 26 & 36). The vast majority of this workforce, including those employees not covered by this factfinding, are firmly opposed to the Districts' proposal. (Union Tabs 20-22). Even if you disregard the potential for protracted and expensive litigation, escalated labor unrest and prolonged job actions – employee resentment and demoralization will deflate quality and productivity, which will ultimately inflate ratepayer costs – all of which are detrimental to the interests and welfare of the public.
3. The Union showed that recent evidence points to decreases in projected pension obligations (Union Tabs 37-39), which counters the Districts' justification for an immediate shift in historical compensation patterns. The Union also has shown – and the Districts openly admit – that the agency has the financial ability to pay (Union Tabs 30-35).

Respectfully,



Steve Koffroth

¹ Except PEPPRA employees who began paying a 5.75% pension contribution on July 1, 2017 and will be paying a 6.75% pension contribution beginning July 1, 2020



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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GRACE ROBINSON HYDE
Chief Engineer and General Manager

September 28, 2018

CONCURRING OPINION to the Findings of Fact and Recommended Terms of Settlement

PERB Case No. LA-IM-265M
Factfinder Case No. 18-06-07FF

Submitted by Matthew Eaton
Panel Representative for County Sanitation Districts of Los Angeles County

As the panel representative for the County Sanitation Districts of Los Angeles County on the factfinding panel, I respectfully **concur** with the Factfinding Report and Recommendations issued by panel chairperson Renée Mayne.

Over the last 17 months, the Districts and the Union have met in good faith almost 40 times to negotiate terms of a new agreement. Although much progress was made, an agreement was not reached. Following a declaration of impasse, the parties participated in mediation but were again unable to reach agreement.

The Union requested factfinding and the Districts welcomed that process as a means of obtaining a neutral opinion on the positions of the parties regarding the remaining terms to which the parties could not agree. Both parties agreed to the appointment of Ms. Mayne to serve as the panel chair. The Districts believed that Ms. Mayne's years of experience with labor negotiations, both as an employee of AFSCME and while representing management, made her uniquely qualified to serve as the panel chair. The Districts appreciate the diligence and effort put forth by Ms. Mayne and the Union panel representative, Mr. Steve Koffroth, into the factfinding process and in the development of a final report. The final report accurately represents the facts and the parties' positions on the various unresolved terms.

The Districts, with review and direction by the Personnel Committee, **fully concur** with the recommendations in the factfinding report as part of a comprehensive settlement between the

parties. In particular, the Districts strongly agree with the conclusion that the Districts' COLA and pension cost-sharing proposal is reasonable, consistent with other agencies, and consistent with the Public Employees Pension Reform Act. The Districts also agree that applying the COLA and cost-sharing retroactively is a fair mechanism for bringing these negotiations to a conclusion.

To be clear, the Districts concur with the recommended terms, and if they became part of a binding agreement it would result in the following payments and salary changes:

- Employees in these units would receive a lump sum payment that accounts for the net salary increase that would have resulted from the July 2017 COLA and the July 2018 COLA. Specifically:
 - PEPRAs employees in the four units would receive a lump sum payment of 3% of their 2017/18 base pay plus 6.5% of their 2018/19 base pay to date.
 - Classic members in the four units would receive a lump sum payment of 2.5% of their 2017/18 base pay plus 5.5% of their 2018/19 base pay to date.
- The base pay for all employees in these four units would increase by 6.5% and Classic employees would make a 1% contribution toward the employee portion of their pension contribution.

The Districts remain committed to reaching an agreement with the Union regarding these units and believe that the recommendations contained within the fact-finding report provide a clear path for the rapid resolution of these negotiations.

Respectfully Submitted,



Matthew A. Eaton
Assistant Department Head
Sanitation Districts of Los Angeles County
Factfinder for the Districts