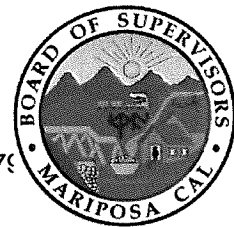




# MARIPOSA COUNTY

Human Resources/Risk Management • (209) 742-1375



## **RESOLUTION - ACTION REQUESTED 2016-277**

MEETING: June 14, 2016

TO: The Board of Supervisors

FROM: Steve Johnson, Human Resources Director - Risk Manager

RE: DSA and SMA Side Letter of Agreement-Cash Option for Non-Medical Participants

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### **RECOMMENDATION AND JUSTIFICATION:**

Formalize an Agreement with the Deputy Sheriffs' Association (DSA) and Sheriffs' Management Association (SMA) to Increase the Cash Option Amount (Or Flexible Benefit Allowance) for Employees who Do Not Participate in the County's Medical Insurance Plans by Approving a Side Letter of Agreement; and Authorize the Board of Supervisors Chair to Sign the Side Letter of Agreement.

During the last round of negotiations with the DSA and SMA, the County agreed to increase the cash option amount that employees receive pursuant to the provisions of the Memoranda of Understanding (MOUs). Specifically, employees in these bargaining units are provided a cash option amount which may be applied toward the employee's cost of any qualified non-taxable benefits under the County's IRS section 125 Plan, such as medical insurance, or the employee can take this additional amount in cash. Because of the ever-rising cost of medical insurance, the County and the unions agreed to increase the cash option amount for each year of the MOUs so that those employees who participate in the County's medical insurance would have less of a financial impact as they could apply the additional amount to their medical insurance premium.

Subsequent to negotiations, union representatives contacted the County because of their understanding that the additional cash option amount was to be provided to all employees in the bargaining unit, not just those who participated in the County's medical insurance plans. After further discussions with representatives of the DSA and SMA bargaining units and with the Board's concurrence, the County agreed to provide the additional cash option amounts to the ten non-medical insurance participants as follows: \$70 increase effective May 1, 2016; \$50 increase effective December 1, 2016; and \$80 increase effective December 1, 2017. The Side Letter of Agreement will formalize this agreement with the DSA and SMA.

The County and the DSA and SMA also agreed to re-open the Side Letter of Agreement, if necessary. This is because the Ninth Circuit Court of Appeals has an issue before them that could directly impact the County's agreement to increase the cash option for those employees who do not participate in the County's medical insurance. If the Ninth Circuit decides to include cash options in the regular rate of

pay\* for overtime purposes, then the County and the unions will meet and confer over the impacts of this decision on the County.

\*The "regular rate" of pay is not typically the same as an employee's hourly rate of pay. The "regular rate" is a rate defined by the Fair Labor Standards Act (FLSA) that takes into consideration the various items of compensation provided to an employee for overtime purposes. The FLSA requires that an employee who works overtime must be paid for overtime hours at the rate of one and one-half times their "regular rate" of pay. Depending on the Ninth Circuit's decision, cash-option amounts that the County provides to its employees could be included in the "regular rate."

**BACKGROUND AND HISTORY OF BOARD ACTIONS:**

At their meeting of February 9, 2016, the Board of Supervisors approved MOUs for a thirty-nine month period with the DSA and SMA bargaining units for the period of October 1, 2015 through December 31, 2018. These MOUs included increases to the Flexible Benefit Allowance (or cash option) provisions for employees who participate in the County's medical insurance plans.

**ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:**

N/A. The Board has informally agreed to this action. This action will formalize the agreement with the DSA and SMA.

**FINANCIAL IMPACT:**

**The additional cost will be approximately \$38,000 through to the end of the contract period. Funding will be appropriated into each affected budget unit.**

**ATTACHMENTS:**

**DSA and SMA cash option reopener language 2016 (PDF)**

**CAO RECOMMENDATION**

Requested Action Recommended

  
Mary Hodson, CAO 6/9/2016

**RESULT: ADOPTED BY CONSENT VOTE [UNANIMOUS]**

**MOVER:** Kevin Cann, District IV Supervisor

**SECONDER:** Marshall Long, District III Supervisor

**AYES:** Rosemarie Smallcombe, Marshall Long, Kevin Cann, John Carrier

**EXCUSED:** Merlin Jones