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BOARD OF SUPERVISORS
EL DORADO COUNTY

2009 FEB 27 AM 9:27

TO: El Dorado County Board of Supervisors

FROM: El Dorado Deputy Sheriff's Association

SUBJECT: Position of DSA regarding CAO recommendations for 09/10 budget

DATE: February 26, 2009

For clarification we are assuming that, even though the board only formally put off three of the recommendations of the CAO, you have not made a final decision on the remaining recommendations pending input from all affected groups. This assumption is being made because you acknowledged the CAO's report was not made available to all until at least late Sunday, a special meeting was scheduled for the fire departments to provide input, and we were assured by the chair the final decision would not be made until all parties were provided time to give meaningful input.

Regarding the midyear report, it appears that almost all departments have met or have put into effect plans to meet the goals dictated by the CAO. We would like to commend the Board for its action of a couple weeks ago that directed the CAO to allow departments to come-up with a plan to balance their budgets rather than the Board or CAO dictating furloughs. As a tool to balance the budget furloughs should only be considered when all other means have been exhausted. Any discussion of furloughs should be done with a full understanding and concern for the negative impact it will have on employees. Your actions support your stated objective of being a policy board, letting department heads decide how to best implement those policies. Based on your direction to the CAO and the compliance by most departments any across the board furloughs for this year should only be pursued if a balanced budget for the year cannot be reached without them.

As to the CAO's recommendations for fiscal 2009/2010 we would like to make the following comments:

Comments about retiree and health benefits were written by our representative to the County Health Advisory Committee.

Regarding item 5, suspension of the retiree health benefit for new hires I would like to give you a little background on this negotiated benefit. This benefit was first established in 2001 with partial coverage for the retiree only and, most importantly from a cost limiting perspective, a cap of costs to not exceed 1.2% of county payroll. In simple terms this means that once the cost for all retired employees receiving this benefit reaches 1.2% of total county payroll the benefit to each employee will be reduced so the cap is not exceeded. According to the county we are close to that cap thus the yearly cost is almost as high as it will ever go. Given these facts eliminating this benefit for new hires will provide no financial savings to the county for a minimum of 12 years. Just as important the elimination of this benefit will negatively affect the County's ability to recruit good employees. The CAO's statement in the strategic planning document adopted by the board on February 24, 2009, stated one of the County's weaknesses is that employee benefits are lower than surrounding jurisdictions. Adoption of any recommendation to eliminate benefits, especially one that will have no cost savings, is counterproductive. Finally, this benefit is included in our MOU and is subject to negotiations.

Item 4 talks about a rate holiday for the retired health benefit. This is a nice way of saying we are going to stop prefunding a contracted benefit. This is a slippery slope that many private companies did and now find themselves in deep financial trouble. However, given we have 17M in this account, the yearly cost is estimated at 1.5M, and the financial crises we may face next year, a suspension of contributions above the actual yearly cost doesn't seem unreasonable. In short, put the 1.5M projected costs in the fund so it remains at 17M and suspend the additional contribution is something we can live with. This should not be considered an ongoing practice in future years without serious discussion.

Just one last comment on retiree health, Supervisor Knight brought up the subject of exploring alternative funding sources for this benefit. Over the past several years, especially since the implementation of the GADS B reporting, several members of the Health Committee have suggested exploring this area but on each occasion the chair has stone walled the idea suggesting the Board was not interested in such a discussion.

While law enforcement has been excluded from talks regarding the possibility of furloughs during the 2009/2010 fiscal year and beyond we would like to provide some input on the subject. Our own county history will tell you that to furlough 24 hour a day 7day a week positions only costs more money. When you add the current vacancies in the Sheriff's Department and the hiring freeze on top of that it simply is not reasonable to believe this would provide any savings to the county.

The remainders of the CAO's recommendations appear to be directed more toward departments then employees so we will not comment at this time. However, should any of those actions cause a change in working conditions we are not relinquishing or right to negotiate those changes.

In closing, we have no doubt the county faces many fiscal challenges over the next few years and, as we have demonstrated, we are willing to work with you to provide reasonable solutions to these problems. In fact our negotiations team proposed significant cost savings measures to the County in our negotiations meeting on 2/26/09. On numerous occasions members of the board have been heard to say we must distinguish between what is necessary to have and what is nice to have and concentrate on the necessary. We could not agree more. The challenge is to come to a consensus on what is necessary and stick to it.