



## LANE COUNTY

HUMAN RESOURCES DEPARTMENT / 125 East 8th Ave. / Eugene, OR 97401  
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W. B. a.

### AGENDA COVER MEMO

Memorandum Date: March 12, 2009  
Order Date: March 18, 2009

**TO:** Board of County Commissioners

**DEPARTMENT:** Human Resources

**PRESENTED BY:** Roland Hoskins, Labor Relations  
Greta Utecht, Human Resources

**AGENDA ITEM TITLE:** IN THE MATTER OF APPROVING THE TENTATIVE  
AGREEMENT BETWEEN LANE COUNTY AND AMERICAN  
FEDERATION OF STATE, COUNTY AND MUNICIPAL  
EMPLOYEES, LOCAL 2831

#### **I. MOTION**

**MOVE APPROVAL OF ORDER 09 -- \_\_\_\_\_ IN THE MATTER OF  
APPROVING THE TENTATIVE AGREEMENT BETWEEN LANE COUNTY AND  
AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL  
EMPLOYEES, LOCAL 2831.**

#### **II. AGENDA ITEM SUMMARY**

The current Agreement between Lane County and the American Federation of State, County and Municipal Employees (AFSCME) Local 2831, expired on June 30, 2008.

The Board is being asked to approve the proposed three-year agreement ending June 30, 2011 with AFSCME Local 2831, which is included in this packet. Also, a brief summary of the proposed changes is included in this packet.

## **BACKGROUND/IMPLICATIONS OF ACTION**

### **A. Board Action and Other History**

The Board reviewed various contract issues and authorized the County's bargaining team to enter into negotiations for wage, benefit and language changes with AFSCME. The Board established overall goals and objectives for the negotiations. In addition, the negotiations dealt with the current fiscal funding constraints and uncertainties the County is facing.

### **B. Policy Issues**

Like other recent labor negotiations, these emphasized maintaining a competitive position in the market place for positions in the unit while protecting the County's ability to manage the County's cost increases in the face of very uncertain financial forecasts. The County focused on addressing rising health care costs.

The local and national economy was flourishing when the negotiations began in April of 2008 prior to the effective date of this proposed contract. The average Fiscal Year Consumer Price Index (CPI-U) for the Salem/Portland region was 3.90% for the period from July 2007 through June 2008. AFSCME employees have not received a cost of living adjustment (COLA) since 2005.

After the 150 day bargaining period expired, AFSCME requested mediation in August of 2008. The formal mediation process began in October and both sides began mediation with their most recent proposals from August. As the economy began to slide in mid-to-late fall of 2008, the County was forced to propose that the health insurance plan for AFSCME be modified to achieve long-term cost savings. However, in order to maintain market parity, the County proposed that year one of the contract (July 2008 - June 2009) reflect the CPI of the previous fiscal year. For years two and three of the contract the County proposed that the amount of base wage increases be indexed to the average annual fiscal year CPI not to exceed 3%.

During the course of mediation (January 8, 2009), AFSCME declared an impasse which forced both parties to submit formal final offers to the State Employment Relations Board (ERB). Despite the fact that the economy continued to worsen, the County was unable to bargain a lower offer than that submitted to ERB, nor could the County impose a lower offer without risking the union filing unfair labor practices for regressive bargaining. The only exception was the timing of the implementation of the proposed health benefit change.

**C. Board Goals**

This proposed contract is aligned with the strategies in the County's Strategic Plan. Section A of the strategic plan addresses strategies associated with Service Improvement and A-2 provides direction for County managers and collective bargaining units to work together to develop solutions that promote flexible classification and compensation systems that do not inhibit excellent service delivery.

Limiting the County's liability for future unfunded costs by removing or clarifying problematic language in the contract was another goal that the County's bargaining team worked to attain.

**D. Financial and/or Resource Considerations**

The proposed COLA is 3.9% for year one of the agreement and 2-3% based on CPI-U (Portland/Salem) for the second and third years of the agreement. The total cost of this agreement is approximately \$3.5 million depending on the CPI and additional future service level changes due to state wide budget cuts.

**E. Analysis**

The Tentative Agreement is for a three-year contract, July 1, 2008 – June 30, 2011. It includes wage, benefits and language changes to the previous agreement. A summary list is attached to this memorandum.

**Additional Wage Factors:**

This proposed contract also includes a 5% market adjustment for the County's Information Technology classifications, which have been paid significantly below market.

**General:**

Health insurance has been escalating more than 10% per year for the past 5 years. During the past several years, the County has worked to develop agreements with its bargaining units that include changes in health care plans to reduce the County's premium costs while providing incentives for employees to take an active role in managing their own health care costs. For example, the current generic prescription fill rate for AFSCME members (including retirees) is 54% while the average generic prescription fill rate among our insurance providers pool is 69%. This move is likely going to increase the generic fill rate among the members.

Moving AFSCME members to the County's standard insurance plan will save the County hundreds of thousands of dollars each year over the long term. If health care costs continue to grow at the same rate they've grown for the past four years, in just the next six years the County will save \$1,000 per employee per year on the standard plan.

**F. Alternatives/Options**

1. Approve the proposed agreement.
2. Reject the proposed agreement.

**III. TIMING/IMPLEMENTATION**

Following Board action, County staff is prepared to implement the approved changes including the retroactive pay increases and pay plan changes.

**IV. RECOMMENDATION**

The County bargaining team recommends approval of the Board Order to approve the proposed Agreement.

**V. FOLLOW-UP**

After staff has implemented the Agreement, we will work to develop positive working relationships with AFSCME representatives and its members.

**VI. ATTACHMENTS**

1. Board Order
2. Summary of proposed changes to the 2008-2011 AFSCME Bargaining Agreement
3. Proposed 2008-2011 AFSCME Bargaining Agreement. Copy for public review available at front counter of Board of Commissioners office.

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO.

) IN THE MATTER OF APPROVING THE  
) TENTATIVE AGREEMENT BETWEEN  
) BETWEEN LANE COUNTY AND THE  
) AMERICAN FEDERATION OF STATE  
) COUNTY AND MUNICIPAL EMPLOYEES,  
) LOCAL 2831

**WHEREAS**, a tentative agreement has been reached between Lane County's bargaining team and the Agreement between Lane County and the American Federation of State, County and Municipal Employees, Local 2831

**WHEREAS**, the agreement is consistent with the guidelines set forth by the Board of County Commissioners.

**IT IS NOW HEREBY ORDERED** that the attached tentative agreement between Lane County and the American Federation of State, County and Municipal Employees, Local 2831

**IT IS FURTHER ORDERED** that the County Administrator and the County's bargaining team be authorized to execute the revised agreement on behalf of the County.

**DATED** this \_\_\_\_ day of March 2009.

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Pete Sorenson, Chair  
Lane County Board of County Commissioners

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**SUMMARY**  
**Changes to AFSCME Local 2831 Bargaining Agreement**  
**2008-2011**

**Article X Wages**

- 3.9% COLA, effective 1<sup>st</sup> full pay period following July 1, 2008
- 5% market adjustment for information technology classifications, effective 1<sup>st</sup> full pay period following July 1, 2008
- 2-3% base wage increase, based on the average Consumer Price Index (CPI-U) for the Salem/Portland region for fiscal year 2008-2009, effective 1<sup>st</sup> pay full period following July 1, 2009
- 2-3% base wage increase, based on the average Consumer Price Index (CPI-U) for the Salem/Portland region for fiscal year 2009-2010, effective 1<sup>st</sup> pay full period following July 1, 2010

**Article XII Insurance**

Beginning January 01, 2010 AFSCME active members and retirees will move from the AFSCME current health insurance plan to the County's standard health insurance plan.

**Costs**

The estimated total cost of the three-year agreement is approximately \$3.5 million, which includes the proposed savings of more than \$500,000 from the changes in health insurance benefits.

**General**

Moving AFSCME will save the County hundreds of thousands of dollars each year over the long term. If health care costs continue to grow at the same rate they've grown for the past four years, in just the next six years the County will save \$1,000 per employee per year on the standard plan.

**Three Year Agreement, ending June 30, 2011.**