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**Retiree Support Group
of Contra Costa County**
www.rsgofccc.com
P.O. Box 3165
Martinez, CA 94553

"Protecting the Earned and Promised Rights and Benefits
of Contra Costa's Public Retirees"

March 15, 2016

The Hon. Candace Andersen, Chair
The Hon. Mary N. Piepho, The Hon. John Gioia,
The Hon. Karen Mitchoff, and The Hon. Federal D. Glover
Contra Costa County Board of Supervisors
651 Pine Street
Martinez, CA 94553

Re: Settlement Agreement, *Retiree Support Group v. Contra Costa County*

Dear Members of the Board of Supervisors:

I am a retired Senior Deputy District Attorney from Contra Costa County. I retired in 2004 after 31 years of service to the County. I am the Vice-Chair and House Counsel of the Retiree Support Group of Contra Costa County (RSG). Although I am retired as a prosecutor, I remain licensed to practice law in California.

I have actively advocated for retiree health care benefits since 2005 and have been a central figure in the civil action by the Retiree Support Group against the County over retiree health insurance benefits. I have been integrally involved in the formal mediation and negotiated settlement of that lawsuit.

This litigation has been long and expensive for both sides. The County has spent more than \$6.5 million and RSG has expended more than \$700,000 on attorneys' fees on this suit.

In June of 2015 the County's attorneys and our attorneys agreed to formal mediation with retired Alameda County Superior Court Judge Ronald Sabraw. The mediation process resulted in an agreement in principle to settle the case. After several months working out the details of settlement, we announced the settlement to our RSG members in October of 2015. We then held an open meeting for our entire membership to receive comments and answer questions about the settlement.

In January of 2016 we reached a formal Settlement Agreement with the County's attorneys.

The RSG Board of Directors voted unanimously to accept the Agreement. We then distributed the text of the formal Agreement to our entire membership with an explanation of the Agreement.

RSG then held a secret ballot by mail election of our entire membership. That election resulted in an overwhelming vote to approve the Settlement. There were 791 votes to approve, and 9 votes to disapprove, the Settlement. The votes to approve the Settlement constituted 98.75% in favor to 1.25% opposed by the voting members of RSG.

The next step in this process is for the Board of Supervisors to vote its approval of the Settlement.

The Settlement did not give RSG everything we wanted from the lawsuit. The same thing is probably true for you. That is probably a good sign that the Settlement is fair and equitable to both sides. There is an old saying that "A really good compromise is the one which leaves both sides equally dissatisfied."

The Final Settlement Agreement provides our retirees with health insurance security, and it provides you with ascertainable and controlled retiree health insurance costs.

Once you approve the Settlement Agreement, we will amend our suit to make it a class action on behalf of about 4500 specified retirees. We will do this because the Settlement Agreement requires that we do it. The Settlement Agreement requires this action, because the County's attorneys insisted that we convert our suit into a class action, so that you would not likely face the prospect of another lawsuit from retirees over the issues involved in our suit.

A very small, but vocal, minority of retirees have made factually untrue claims about the Settlement. Some of them might have made such claims here today. I am hopeful that the County's attorneys have advised you that such claims are false. I wish to add my voice to that advice.

Here are factual truths about the Settlement Agreement which a simple reading of that Agreement will clearly confirm.

1. The Settlement does NOT apply to health benefits for active employees, existing or future MOUs, or existing or future management or unrepresented salary resolutions. The Settlement requires only that the County must comply with the Agreement's terms for health benefits for retirees who are in the class. Active public employee unions will remain free to bargain for their chosen benefits.
2. The Settlement does NOT apply to retiree health benefits for active employees who retire after December 31, 2015.
3. The Settlement does NOT apply to health benefits for retirees who receive their

health care through CalPERS.

4. The Settlement does NOT apply to health benefits for any retired physicians, dentists, and nurses. CalPERS retirees, and retired physicians, dentists, and nurses are not covered by the Settlement, because the County either didn't reduce its premium contributions for them or didn't do so at the same time and in the same way as it did for those covered by the Settlement.
5. The Settlement will NOT apply to the health benefits for any covered retiree who elects to "Opt out" from the Settlement.

The Settlement Agreement will not go into effect until Federal District Court Judge Jon S. Tigar approves it as fair and reasonable. The class action process will be handled by a Court-appointed neutral Settlement administrator. The Settlement Administrator will provide a Court-approved notice to members of the class that will include a full explanation of the Settlement, an explanation of the rights of the class members, and an opportunity for any class member to opt out of the Settlement.

I encourage you to read the Settlement Agreement for yourself. You will see that voting to approve it is the right thing to do for the County and for its covered retirees.

Sincerely,

L. Douglas Pipes
Vice Chair and House Counsel
Retiree Support Group of Contra Costa County

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March 14, 2016

Candace Anderson
 Chairperson, Board of Supervisors
 Contra Costa County

Re: Proposed Settlement of Retiree Support Group v. Contra Costa County

Dear Ms. Anderson:

This firm represents AFSCME Locals 512 and 2700 and AFSCME Retiree chapter 57 and its Contra Costa County Retirees Sub-Chapter No. 142 (altogether, "AFSCME"). We write regarding the Contra Costa County Board of Supervisors upcoming consideration of a purported class settlement agreement in *Retiree Support Group of Contra Costa County v. Contra Costa County*, U.S.D.C. N.D.Cal. Case No. 12-00944 (JST) ("RSG", "County" and "RSG v. CCC," respectively). Specifically, we write to voice AFSCME's objections regarding the announced class settlement, particularly its application to AFSCME retirees whose benefits are and have been governed by successive Memoranda of Understanding ("MOU") negotiated between Locals 512, 2700 and the County, including the current MOUs.

Historically, and to this day, AFSCME and the County have collectively bargained over the topic of health and welfare benefits including the provision of such benefits to current and future retirees of the AFSCME bargaining units. The current agreement is reflected in section 20.3 of the MOUs. Included in the prior and current MOUS was a three-tier premium subsidy consisting of employee, employee +1, and employee +2, a structure that AFSCME retirees have, and continue to enjoy. Upon review of the settlement, however, it appears that RSG and the County have closed the third tier, that is, retiree subsidies will not be calculated with respect to employee +2 for retirees who have elected that option. Instead the settlement agreement contains only a two-tier subsidy option predicated on the lower-cost Employee +1 coverage (See proposed settlement agreement 6.1.5 & 6 of the settlement agreement) and a possibility of a third-tier option at a modest increased premium sometime in the future. In a recent discussion between AFSCME representatives and the County, the County indicated that the three-tier option would no longer be available to retirees, and AFSCME has filed a grievance that is currently pending.

AFSCME also has significant concerns related to the settlement's establishment of a "Maximum Fixed Monthly Premium" (subject to exceedingly modest annual increases for Medicare Retirees). This fixed premium subsidy is in direct conflict with AFSCME's current and prior MOUs which requires continued payment of the active premium on behalf of retirees, and sharing of increases in such premiums that are reflective of health care inflation. Under AFSCME's MOUs, the parties have agreed to annual increases in an amount equal to 50% of health care premium increases, which must be accorded to retirees who retire during their term. To the extent the County is

Candace Anderson
Chairperson, Board of Supervisors
Contra Costa County
Re: Proposed Settlement of Retiree Support Group v. Contra Costa County
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attempting to utilize the class action settlement approval process to impose a change of terms and conditions or avoid application of the MOUs, AFSCME objects and will vigorously oppose approval of the settlement as incompatible with state labor law and the law of contracts.

In sum, it appears that the County has used *RSG v. CCC* to lock-in inferior retiree health subsidies outside the meet and confer process. Further, by entering into a settlement and seeking a court order of judgment, it appears the County intends to remove a traditional topic of bargaining between the parties, *i.e.* retiree health benefits. To the extent the terms of the settlement will be applied to any AFSCME bargaining unit members who retired during the life of the MOUs, as noted above, the settlement fatally conflicts with the terms of AFSCME's MOUs. To the extent the proposed settlement is intended to define the scope of future bargaining with respect to retiree health benefits, AFSCME considers such an approach to be poisonous to the otherwise productive and longstanding collective bargaining relationship that has existed between the parties.

There is a simple solution, which the County has accorded other labor organizations, and that is to include an exclusion for AFSCME bargaining unit retirees. Another option satisfactory to AFSCME would be to include a provision in the agreement that provides that AFSCME bargaining unit retirees will receive either the Maximum Fixed Contribution or the rates otherwise applicable under the AFSCME MOUs, whichever is greater.

We urge the Board to consider making these amendments to the proposed settlement agreement and, if such amendments are made, AFSCME would be in position to remain neutral. Otherwise, AFSCME's recourse will be to oppose preliminary approval of the settlement, file objections to the settlement, file unfair practice charges related to the Settlement's unilateral change to benefits provided under the MOUs, and to actively organize a mass opt-out of AFSCME bargaining unit members from the settlement. It is AFSCME's considered view that a negotiated resolution that preserves the settlement but in a manner that is palatable to AFSCME, is preferable. Such a resolution would avoid protracted litigation, including recourse to the Court of Appeal and the concomitant waste of resources of all concerned.

Very truly yours,



Teague P. Paterson

TPP/tg

cc: Contra Costa County Board of Supervisors
David Twa, Contra Costa County CAO
Carrie DelBonta, AFSCME Local 512
Cheryl Glover, AFSCME Local 2700
George Poppyack, AFSCME District Council 57
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Richard Cabral