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STATE OF CALIFORNIA
PUBLIC EMPLOYMENT RELATIONS BOARD

In the matter of the fact finding between

SERVICE EMPLOYEES INTERNATIONAL
UNION, LOCAL
721,

Union,
and

COUNTY OF RIVERSIDE,

Employer.

Fact Finding Case No. LA-IM-252-M

**UNION PANEL MEMBER JOSIE
MOONEY'S CONCURRENCE TO THE
REPORT AND RECOMMENDATIONS
OF THE FACTFINDING PANEL**

I write as the designated panelist for the Service Employees International Union, Local 721 ("Local 721" or "Union") to concur with the Fact Finding Report issued in this matter by neutral fact finder Tony Butka. The Union applauds Mr. Butka's efforts in distilling the facts from the six-day hearing and thousands of pages of documents produced. The Union would like

to emphasize the following points which were mentioned in Mr. Butka's report but bear repeating:

1. The Funds Allocated for the County's \$41 Million Dollar Contract with KPMG Could Have Provided SEIU-Represented Employees with Over 6% in Wage Increases

In the fact finding proceeding, the Union exposed the County's record of continued wasteful spending on outside contracts with vendors. The KPMG contract, is just one example of the County's misplaced spending priorities. The County awarded a contract to KPMG in October 2015, more than two years ago. To date, the County has allocated over \$41 million dollars to KPMG. To put this dollar figure in perspective, \$41 million dollars is equivalent to approximately 6.3% in wage increases for SEIU-represented employees.¹ In the two years since the County awarded the KPMG contract, the County has not reported *any* cost savings. Indeed, several County department heads have publicly opposed the further use of KPMG.

Additionally, the Union presented the following evidence during the fact finding hearing regarding the propriety of the bidding and awarding of the KPMG contract:

- (a) KPMG submitted an initial proposal that failed to include any relevant information about the company, claiming most information as confidential and proprietary;

¹ During the fact finding hearing, the County witnesses testified that a 1% wage increase for SEIU-represented employees costs the County approximately \$6.5 million dollars.

- (b) The four other firms competing against KPMG for the contract submitted thorough, detailed initial proposals with bids ranging from \$230,000 to \$300,000 while KPMG's initial bid was \$761,600;
- (c) KPMG was rated second to last by a five-person evaluation team who reviewed the bids, yet the CEO certified to the Board that the panel chose KPMG as the most responsive and responsible bidder; and
- (d) KPMG's contract jumped from \$761,600 to over \$41 million in less than two years using an amendment process with no additional competitive bidding.

The Union contends that the allocation of \$41 million dollars to the KPMG contract is yet another example of wasteful spending and a lack of transparency and accountability to the public.

2. The County's Reserve Levels Exceed Those Recommended By Leading Government Management Organizations and Are Above Those Required By Board Policy

County Board of Supervisors Policy B-30 requires that the County maintain at least 25% of the fiscal year's discretionary revenue in reserves. As of the close of fiscal year 2017, the County reserves were approximately 27% of Net County Cost. Indeed, according to the Comprehensive Annual Financial Report ("CAFR"), the County has in excess of \$348 million in its general fund ending balance for fiscal year 2017, of which at least \$217 million is available as an unassigned reserve. The unassigned reserve is 2% (or about \$17 million) above the required reserve levels for the Net County Cost ("NCC") set by Board policy. These excess reserves surpass the cost of Mr. Butka's recommended wage increases.

Another noteworthy issue is the required reserve levels themselves. The Government Finance Officers Association recommends that most agencies maintain unrestricted budgetary fund balance of two months of regular general fund operating revenues. According to the testimony of County Chief Finance Officer Don Kent, two months' of general fund revenues equals approximately 17% of discretionary revenue. The Union believes that the County would be well-advised to align its reserve requirements with best practices endorsed by the Government Finance Officers Association.

3. The Union's Classification and Compensation Study Included the Same Five Counties Included in the County's Study

The Union's classification and compensation compared wages and benefits for employees from the following counties: Los Angeles, Orange, Sacramento, San Bernardino, San Diego, Santa Clara, and Ventura. Of these, the County included all but Sacramento and Santa Clara in its market study. As explained during the fact finding, the Union chose to include Sacramento and Santa Clara counties because they are comparable to Riverside County. Sacramento County, while smaller in terms of population, has a comparable mix of urban, rural, and agricultural areas. Riverside County's 2017-18 budget of \$5.45 billion dollars is comparable to the budgets of Sacramento County, with a budget of \$4 billion dollars, and Santa Clara County, with a budget of \$6.1 billion dollars. Finally, like Riverside County, Santa Clara County is one of the few counties in the state to operate a medical center.

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In closing, the Union thanks Mr. Butka for his time and effort in conducting the six-day fact finding hearing, as well as his careful review of the voluminous documents provided in support of the parties' respective positions. Mr. Butka was mutually selected by the County and the Union to serve as the neutral fact finder on this panel, and was charged with the responsibility of weighing the evidence presented by both parties. The Union appreciates Mr. Butka's diligent efforts in this regard.

In light of Mr. Butka's recommendations, which overwhelmingly support the Union's position, SEIU Local 721 urges the County to reconsider its Last, Best and Final offer and agree to a fair contract for its employees.

DATE: April 3, 2018

Respectfully Submitted,

By 
 JOSIE MOONEY
 Assistant to the President
 Service Employees International Union, Local 721