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IN THE SPOTLIGHT

Body offers help for retirees

It is important that employees of counties and cities take an interest in the operation of their pension funds while they are still working. But that interest continues, and even increases, once they are retired and are receiving their pension payments.

Helping them is The Retired Public Employees Council of Washington (RPEC), a non-profit organization that protects the benefits and welfare of Washington State PERS retirees. Founded in 1971, the organization became affiliated with AFSCME in 1979.

RPEC says it unites public employee retirees for their mutual benefit and welfare. It does so by:

- Promoting legislation to improve financial and medical benefits
- Providing information to, and support for, members
- Working closely with other organizations

The organization has 42 chapters statewide with more than 12,000 members from state and local governments.

In 1998, RPEC won a health care lawsuit against Washington State worth \$42.5 million. Money was returned to eligible retirees.

Just last year they helped win legislation granting many public workers the right to retire at age 62 with full benefits. Group health coverage for all who retire from public service remains a priority. The organization also has researched and found several discount drug purchase options.

Membership is \$5 a month. More information: 800-562-6097.

INSIDE

We're working to lessen economic impact on members

— Page 2

What pension fund members should do now

— Page 4

Pensions safe despite meltdown

Your pension money is safe.

That's the assurance from State Investment Board Executive Director Joe Dear. He explains that the Washington state retirement system has a long-term horizon, enabling it to ride out the financial meltdown and the resulting sharp



Joe Dear

downturn in the markets.

If you are in a direct benefit (DB) plan, you need have no fears about the security of your pension benefits.

If you are in a direct contribution (DC) plan in which you choose your own investment mix you should ride out the downturn and make as few adjustments to

your funds as you can, he adds. The markets eventually will come back.

The country is facing difficult economic conditions, Dear says, which will persist for much of 2009 and test investors' patience and confidence. But eventually returns will revert to long-term averages of around 8 percent a year and the strategies of the investment board will

See DEAR, Page 4

THE ECONOMY TAKES CENTER STAGE



With markets plunging and state budgets tightening, it is not surprising that economic issues formed a major part of the Council 2 local presidents' one-day conference in October.

Held in the Wenatchee Convention Center, the 100 conference goers heard reports from Marilyn Watkins of The Economic Opportunity Institute on "The State of Working Washington" (see report on page 3) and a presentation on the economy by Joe Dear, director of the State Investment Board (see reports on this page and Page 4).

But, although it formed a major part, the economy did not fill the entire conference agenda; the presidents also learned how to file a grievance and win an arbitration from Council 2 General Counsel Audrey Eide (see report on Page 3).

The conference confirmed its



Among attendees at the local presidents conference were Alice Wood (left) and Sharon Wilsey, both of Local 846-FS, Wenatchee School District.



Kevin Dougherty, Local 2237, Mid-Columbia Library (right) listens to a conference speaker.

reputation as a major event on the Council 2 calendar.

Plans are to hold the annual event again next year.

Council 2 files ULP against district

Council 2 has filed an unfair labor practice against Northshore Utility District. The union alleges that the district bargained in bad faith and retaliated against employees for their union activity.

The filing with the Public Employment Relations Commission follows 2½ years of increasingly tense negotiations over a new contract between the district and its 40 employees, who are all members of Local 1024.

During this time the district has proposed rewriting the entire contract, thereby taking away rights the union has had since it formed 10 years ago, including union security, which is regarded as a fundamental issue in any collective bargaining agreement.

In early October the district rebuffed offers to meet with a state mediator.

"By refusing to negotiate in good faith the commissioners have made it clear that they want to break the union," says Council 2 Deputy Director Pat Thompson. "Now that they have made it clear that they will not even meet with a state mediator that's simply the last straw."

The row between the union and the district commissioners began when — during negotiations on a contract that expired in 2006 — the union called for one of the commissioners to step down

See NORTHSORE, Page 2

Budget will dominate session

Washington state's 2009 legislative assembly line-up is likely to be friendly to labor causes, but budgetary constraints will play a major role in decisions reached in the legislative session early next year.

The state legislature is facing a budget deficit of \$3.2 billion in the 2009-2010 cycle. "With the re-election of the governor and majorities for the Democrats

in the House and the Senate, we will have a friendly legislative assembly and governor to deal with," says Council 2 Deputy Director Pat Thompson. "But the national economy and the legacy of the Bush Administration will loom over the proceedings."

Council 2 members can be assured that, in spite of the budget situation, the union will look for more options for local

government to secure the revenues they need and to continue to provide services, Thompson adds.

"A lot has to do with taxing authority to give the government the tools they need to provide the services everyone needs, but it will not be smooth sailing," Thompson says, adding: "We are looking forward to a brighter future, but it may be a while before we can realize it."

We're working to lessen the impact on members

CHRIS DUGOVICH



Letter from the President

It goes without saying that these are most difficult times in terms of budgeting problems across the state in local governments.

In my close to 27 years, I've never seen the type of job losses that are likely to occur in 2009. In Snohomish County alone, where construction has ground to a stop, more than 150 of our members may face a new year looking for new employment.

At Council 2 we're doing our best to attempt to lessen the blow to as many members as possible. New ideas to save dollars, such as the 3.85 percent cut in King County that occurs with the staggered 10-day furloughs, is the type of thinking that will save positions.

But while we do our best to work with elected officials any cuts need to be across the board, affecting management as well as rank and file. Additionally, we have little sympathy for politicians who have failed to enact the 1 percent property tax in the previous years and are now hesitant again. We are not going to let them trade what they believe is their job security for our jobs.

While working with local governments to save dollars it is also time for the State Legislature to take a serious hard look at correcting the uneven funding that occurs in local government. Especially county government.

A clear-cut option is to finally allow county government to collect a utility tax as cities currently do. That will help.

The good news in Washington is that Boeing and Microsoft continue to prosper. We can be thankful that our local industry is not falling apart like the auto companies in the Midwest. We will come out of this, and in the meantime we will be working to save as many local government positions as possible.

Skagit County workers, unhappy with previous union, join Council 2

Unhappy with the direction that the union to which they belonged was taking, members of the Skagit County Sheriff's support staff late last year decided to shop around for a new union.

"We did not like the direction in which the union that represented us then was going," says staff member Kathleen Anderson.

"We had four different staff representatives in five years and so there was no continuity. Also, we felt like at times we were not being listened to on the issues; we felt as though we were not involved. There always seemed to be animosity between the union leaders and Skagit County. They were stirring the waters when they didn't need to be stirred up."

They waited until January 1 this year when their contract with Skagit County expired and then invited labor groups to present them with their proposals on how they would represent them.

They sent four labor unions a questionnaire and asked them to fill it out.

"We were the only group that said: we have answered all your questions, is there anything else you would like to talk about?" ex-

plains Staff Representative Vinnie O'Connor. "Council 2 Director of Organizing Bill Keenan and I sat down with them for 90 minutes and answered their questions."

The support staff selected Council 2. "We felt AFSCME would meet our needs and have our best interests at heart," Anderson says.

Four labor groups were invited to complete questionnaires

"We were particularly impressed with Vinnie O'Connor — and we still are."

The decision to switch to Council 2 was unanimous.

A few months ago, the new union — Local 176-SO — began bargaining for a new contract.

"Our team sat down with Vinnie and put together what we wanted to have in our contract,"

Anderson says. "The county was gracious enough to let us keep our old contract in place until the new one was negotiated."

The negotiations for the 5-year contract were completed in one (long) day in early October.

"We were happy with the result," Anderson adds. "The county was generous in their pay raises, especially in light of the present economy. The contract received 100 percent approval from our members. This time we feel we have a good relationship with the county."

"Vinnie has been wonderful to work with. We appreciate that he takes the time to explain the different processes and makes sure we understand the details before going any further or rushing us. Vinnie is a great asset to AFSCME and to us," Anderson says.

Council 2 now represents the Skagit County prosecutors, prosecutors' support staff, public defenders and public works employees. "We welcome the sheriff's support staff into the fold," O'Connor says. "They felt Council 2 was the best union for them to join."

Adds Anderson, "We are pleased we made the switch."

NORTHSHORE, from Page 1

from his paid role as the district's labor consultant while he was serving as an elected official.

The commissioner refused to step aside and, at the union's prompting, the State legislature passed a bill to outlaw the practice.

After that, the issue turned into a political vendetta by the district against the union.

The district's attorney and human resources manager assured the union's negotiating team that the proposal to eliminate union security would be withdrawn if the union and the district agreed on other issues. When those agreements were reached, the district reneged on its commitment, Thompson says.

The dispute went to mediation, but the board of commissioners refused to meet with the state mediator. The mediator put forward a recommendation that would settle

Two local unions passed resolutions supporting the Northshore Utility employees

all outstanding issues and recommended that they be submitted to an arbitrator. But the commissioners refused to abide by the mediator's recommendation.

The union's unfair labor practice charge will include the fact that employees were terminated due to their union activity and the district manager refused to deal with the

union's staff representative.

"This is classic union busting and most employees have hung in there despite the underhanded tactics of management, says Thompson.

Two local unions passed resolutions supporting the members of the Northshore Utility local.

Local 3845, Bothell City employees, and Local 1837, City of Kirkland, both resolved to go on record in support of Local 1024 "in their just struggle against the unjust and illegal actions of the Northshore Utility's commissioner and management team." The resolution added, "That our officers and membership contact the Northshore Utility District and express our outrage over their anti-union/anti-employee actions and demand that they immediately agree to the state mediator's proposed settlement."

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Follow these guidelines in filing a grievance

If you are filing a grievance on behalf of a union employee, make sure you follow the timelines set out in the contract, says Council 2 General Counsel Audrey Eide.

"Timelines are the responsibility of the grievant and the union in processing them," she told attendees at the recent Local Presidents' Conference in Wenatchee.

The timelines are set out in the bargaining contract. They outline the number of days after the occurrence in which a grievance needs to be filed. Some will specify that a grievance must be filed within 10 days, another 15 days, or others even as long as 30 days. Employers have their own set of timelines to fulfill their duties in responding to the grievance filing.

"Your first task is to investigate the grievance and to process it based on merit," Eide told the presidents. "But when you do that, make sure you know the timelines because they are usually interpreted strictly and each one is different."

"Once you file a grievance, you can request the information required to process that grievance from the employer," Eide continued. "They have to provide you with that information. It is an unfair labor practice for them not to do so."

When requesting the copy of a personnel file from the employer, you should do so as soon as possible in case additions are made to the file after the grievance becomes known, Eide said.

"It also is important that you take someone independent with you, such as the shop steward, when obtaining the personnel file, particularly if any question arises relating to the file," Eide said. "The reason is that the independent party will witness the contents of the personnel file that is copied."

FLASHBACK



Patty Bonner of Local 1135 poses with AFSCME President Gerald McEntee at the International Convention held in San Francisco in August.

Eide cited an example of one case in which an employer tried to present a file that was 10 inches thick at the arbitration hearing, whereas a copy of the original file obtained by the union was only 30 pages, or less than an inch, thick.

"It was clear that the employer had padded the file after the grievance had been filed. But because

an independent party, in this case the shop steward, had accompanied the union official to obtain the file, we were able to show that the file we received was the original one. We won that hearing."

If you retrieve the file on your own, it becomes harder to prove, Eide added, as it is one person's word against that of another.

How to overcome state's budget shortfall

A slumping national economy and rising prices are causing Washington State to face a budget shortfall next year. As a result, the state will have to cut essential services even as demand increases, says Marilyn Watkins of Seattle's Economic Opportunity Institute.

She spoke at the Council 2 Local Presidents' Conference in late October on how working families have fared with the economic changes of the past decade; she speaks frequently on state tax policy.

"We will also be forced to postpone important new investments to improve education, public health and transportation," adds Watkins.

In addition, the state's outmoded and regressive tax structure means state and local taxes fall too heavily on low-income and middle-income residents, she says.

But there are ways out, Watkins adds. "Indeed, the economic downturn provides state policy makers the opportunity to embrace a more rational economic development strategy," she says.

- One step in the right direction would be to extend the sales tax to a variety of goods and services that are not taxed now.

For example, charging sales tax on candy and gum — now excluded from sales tax because they fall under the food category — would raise \$61.3 million in state revenue and \$19.8 million in local revenue. Among the categories that could be included are consumer services, security services, janitorial services and custom software.

- Another step would be to increase the business-and-occupation tax credit for small businesses from \$35 to \$100 a month to encourage small business creation and growth.

- A third step would be to implement an income tax on the highest-income state residents. Such a tax would be imposed on

SUGGESTED EXPANSIONS OF WASHINGTON'S SALES TAX BASE			
2009-11 biennium			
	# of states that tax	State revenue	Local revenue
Candy and gum	29	\$61.3 million	\$19.8 million
Consumer services	Varies	\$255.2 million	\$98 million
Detective and security services	14	\$108.7 million	\$41.7 million
Janitorial services	17	\$10.9 million	\$4.2 million
Custom software	28	\$220.3 million	\$80.5 million
Securities brokers	Not available	\$1128 million	\$49.1 million
TOTAL		\$784.4 million	\$293.3 million

Sources: Washington Dept. of Revenue, July 2008; Tax Exemptions 2008

an adjusted gross income for joint filers of more than \$200,000 (\$100,000 for individuals). It would be increased on those with higher incomes up to 5 percent on income of more than \$1 million a year.

These taxes would cover 4 percent of households and would raise \$2.58 billion

in biennial revenue.

"A high-incomes tax passed without a constitutional amendment would certainly be challenged in court as a result of a State Supreme Court decision dating back to the 1930s," Watkins says.

"Even without the constitutional issue,

passing an income tax would likely require a super-majority vote in the state legislature and ratifying vote of the people.

"But the right mix of high-incomes tax, reduced general taxes and a dedication of revenues to popular new programs might win the popular vote," Watkins says.

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Drivers help initiative succeed

Voters approve expansion of Skagit County transit services

Six years ago voters rejected a proposition calling for an expansion of Skagit Transit routes and services. So, when the proposition appeared on the ballot again this year, proponents were eager that it would succeed this time around.

They began their campaign early in the year. An organization known as People for Skagit Transit promoted the proposition and Local 176-T, which represents Skagit County bus drivers, joined with them to encourage voters to support it.

The Local and Council 2 donated \$3,000 to the help the organization's campaign.

But the union went much further than just donating money to the cause. "We passed out brochures, we joined in parades, such as the July the Fourth parade and the Berry Derry Days parade, to inform people of the services that would be added," says Tom Fuller, president of Local 176-T.

"We blanketed the cities with signs and even went door knocking in Mount Vernon, Sedro Woolley and Burlington."

The intensive campaign was successful. The proposition was approved in the November general election. The measure enables Skagit Transit to put in additional routes to serve people better, particularly in the rural areas where there will be a better service and longer hours, Fuller explains.

"It provides for a limited Sunday service in some areas, which does not exist now, and it enables us to hire more people to service those routes," he adds. "It generally makes for a better service."

Six years ago the auto dealerships opposed the measure, explains Staff Representative Vinnie O'Connor.



Tom Fuller, a Skagit Transit bus driver and president of Local 176-T, holds a check for \$1,000, part of a total of \$3,000 given by the local and Council 2 to assist the campaign for Proposition 1, which will help Skagit Transit expand its services.

This year, however, higher gas prices helped persuade voters that an improved transit service would help almost everyone. Community groups, college students and senior citizens were soon persuaded to get behind

it, O'Connor adds.

The new services will be paid for with a sales tax increase that amounts to about \$29 on average a year for each family.

What pension fund members should do now

What should members of the Washington state pension funds do at a time of financial turmoil when markets are plunging?

Here's the advice of Joe Dear, executive director of the State Investment Board.

Plans I and II. These members — who are in a defined benefit plans and have turned over the management of their pension funds to the State Investment Board — should rest assured that their funds are professionally managed and the portfolio is strong, Dear says.

In these plans, changes in the markets do not affect the amount of the pension benefit you will receive when you retire. That amount is based on compensation, the type of plan and the years of service, Dear adds.

"It is a high-quality globally diversified portfolio built to withstand the ups and

downs of the market. Because it is a direct benefit program it can take this long-time horizon that individuals cannot. The market has cycles, periods of bad and great performance and that long horizon enables you to ride out the cycles."

What happens when the pension fund managers draw on investments to pay out retirees at a time when the markets are showing sharp falls?

"The payments are covered by the money we receive from contributions, distributions and investment income from interest, real estate and dividends," Dear explains.

"That income is completely adequate to cover the payments we make."

Plan III. These members can invest in direct contribution (DC) funds that allow them to choose from the same pool of funds in which the Plan I and II funds

are invested, Dear explains. They cover a wide range of funds ranging from ultra conservative to very aggressive.

But, since October, a new set of funds has been added, Dear says. As outlined in the Summer 2008 issue of County and City Employee, members now can choose from a variety of lifestyle funds.

"The great virtue of these lifestyle retirement funds is that once a participant has selected the retirement date the fund managers choose a mix of stocks and bonds suitable for that date and rebalance them regularly," Dear says.

"This strategy helps prevent mistakes that people often make. All the member has to do is select a fund and let the manager of that fund run it for them."

Those who are selecting their own investment mix should avoid making changes when they are fearful and emo-

tional, Dear says. "Leave it where it is if you can. Helpful advice is available at www.drs.wa.gov, he adds.

"Diversification enables investors to get through a difficult period; it does not mean things will not go down, but they will return."

Investors who are on the verge of retirement and are in DC plans are in the most difficult situation in the market downturn, Dear adds.

"They have to be considered on a case-by-case basis, taking into account such factors as age, marital status, home ownership, their assets, deferred compensation as well as their pension program.

"Some might have to consider whether they should delay retirement.

"But it is impossible to generalize. I suggest they consult an adviser to work it out."

DEAR, from Page 1

be rewarded.

Dear spoke at Council 2's local presidents' conference held recently in Wenatchee where he outlined the economic problems that have caused markets to plunge around the world. He said his goal was to be sobering and reassuring, while also being realistic.

Dear outlined how the crisis arose. Housing prices surged in the decade from 1997 to 2006, he explained. At the same time, credit ratings were lowered. Household and financial debt rose dramatically as homeowners borrowed money using the rapidly increasing house values as security on their loans and buyers purchased houses with little or no money down and at initial low teaser rates.

Inadequate or ineffective regulation accompanied investor greed and excess borrowing. The result was too much money being lent without adequate safeguards. In addition, mortgage securities were

incorrectly priced.

When house prices fell and higher interest rates kicked in on adjustable loans, millions of homeowners no longer could afford their mortgage payments and a wave of foreclosures resulted.

Banks could not recoup all the money they had loaned on the basis of the higher house values.

A loss of confidence was followed by a financial system meltdown.

In the wake of the meltdown, the move toward fewer loans and less borrowing continues, Dear says, which will create difficult economic conditions in 2009.

"Confidence in the financial system has been shaken, but governments and central banks are demonstrating a total commitment to do whatever it takes to resolve the crisis," Dear adds.

"It will take time to recover, but time is our ally and we will work through these difficulties."

