



## SUMMARY REPORT

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**Agenda Date:** 7/11/2023

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**To:** Sonoma County Board of Supervisors  
**Department or Agency Name(s):** Human Resources Department  
**Staff Name and Phone Number:** Jeremia Mills, 707-565-3228  
**Vote Requirement:** Majority  
**Supervisorial District(s):** Countywide

**Title:**

Amendments to Salary Resolution 95-0926 and Government Code 7507 Disclosure

**Recommended Action:**

- A) Adopt a Concurrent Resolution amending benefits and compensation provided under the Salary Resolution No. 95-0926, increasing compensation and medical benefit contributions and other benefits, and working conditions provided to unrepresented employees, to be effective July 11, 2023.
- B) Receive and review the actuarial valuation of the impact of proposed changes to Section 15 (Medical Benefits for Future Retirees) of the Salary Resolution.

**Executive Summary:**

This action incorporates changes to compensation and benefits proposed for unrepresented employees covered by Salary Resolution 95-0926 (Salary Resolution). These changes are consistent with compensation and benefit changes recently negotiated with various represented employee groups. The most significant changes include annual salary increases over the next three years, increases to medical contributions, and equity increases to specific job classifications. Other amendments include a slight change to retiree medical, some changes to working condition benefits and language clarifications.

The County recently concluded bargaining with all 11 labor organizations, and your Board has or is in the process of approving Successor Memoranda of Understanding (MOUs) which include negotiated salary and benefit changes to be provided over the next three fiscal years. Salary Resolution 95-0926 provides the salary and benefits for employees not represented by a bargaining unit and who do not collectively bargain. Specifically, this includes unrepresented and confidential, administrative management, department heads and elected officials. Customarily, the County amends the Salary Resolution to provide unrepresented employees with comparable salaries and benefits which have been negotiated with the County's represented bargaining units, and the following is a summary of proposed amendments to the Salary Resolution, consistent with recently negotiated and other proposed changes:

All changes to salary and benefits must be noticed at a public meeting (Cal Gov't Code 23026) and becomes effective upon adoption by the Board of Supervisors, unless otherwise specified in the Salary Resolution. The actuarial valuation of the impacts of salary changes in the Salary Resolution on the funding status of the Sonoma County Employees Retirement Association (SCERA) are outlined below and in Attachment B (Cal Gov't Code §7507 and §31515.5).

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The actuarial valuation of the impact of changes to retiree medical benefits on the County's liability for Other Post-Employment Benefits (OPEB) and future costs, are outlined below and in Attachment C (Cal Gov't Code §7507 and §31515.5). In accordance with Government code § 7507, the County is required to make this information public at least two weeks before the Board acts on the change. Thus, the recommended Board action is to receive and review this information today and staff will return at a later date with the recommendation to adopt the changes to Section 15 to be effective for employees hired before January 1, 2009 and retire on or after July 11, 2023.

**Discussion:**

The following is a summary of the proposed changes to the Salary Resolution.

Effective Date: July 11, 2023

Salary - Cost of Living Adjustments (COLA):

All job classifications covered by the Salary Resolution will be provided annual cost-of-living adjustments based upon the following schedule:

- Effective July 25, 2023 - 5% COLA
- Effective March 5, 2024 - 4% COLA
- Effective March 4, 2025 - 4% COLA

Salary - Equity Adjustments:

Effective July 11, 2023, contingent upon Board adoption, the County will provide market equity adjustments by increasing the adjusted A-I Steps of each job classification in Appendix A of the Salary Resolution, where the benchmark for those classifications was below the market average as specified in Appendix A. The County will concurrently increase the A-I Steps of each non-benchmark classification salary scale based on the County's internal salary administration alignments.

Salary - Hourly Cash Allowance:

- Effective August 8, 2023, the hourly cash allowance of \$3.45 will be rolled into the I-step of the salary scale and scaled backwards for all job classifications in BU 00; BU 50; BU 51; and BU 52.
- Annual lump sum payments to permanent employees, hired on or before July 24, 2023, in A-H step to offset the difference between cash allowance roll-in and the \$3.45 per hour (August 30, 2023, and August 29, 2024)

Pension/Retiree Medical:

- Retiree Medical - Revises Section 15 to allow portability of retiree medical contributions to pre-2009 hired employees who retire on or after July 11, 2023, and move out of a medical plan service area

Health & Welfare:

The County's monthly contribution towards medical plan premiums will be based upon the following schedule:

Effective Date	July 11, 2023	May 14, 2024	May 13, 2025
Employee Only	\$851/mo.	\$893/mo.	\$938/mo.
Employee + 1	\$1701/mo.	\$1786/mo.	\$1876/mo.
Employee + 2 or more	\$2405/mo.	\$2525/mo.	\$2652/mo.

- Discontinues County Health Plan PPO and EPO to new enrollment

#### Time Off/Leaves:

- Adds qualifying family members for using sick leave
- Ensures employees properly move to COBRA benefits when on unpaid leaves
- Extra Help Sick Leave - Increased accrual rate and maximum accumulation cap
- Vacation- BU 00 (Unrepresented) & BU 51 (Confidential): Increased maximum accumulated hours for vacation leave
- Holiday - BU 00 (Unrepresented) & BU 51 (Confidential): Includes a one-time, floating holiday of 8 hours effective January 1, 2024

#### Staff Development/Wellness:

Effective for Fiscal Year 23/24 the following changes to Staff Development and Wellness benefit:

- BU 00 (unrepresented) & BU 51 (Confidential) increase by \$250.
  - Provide \$750 lump sum annually the first full pay period in July for Wellness & Emergency Preparedness.
  - Provide \$500 reimbursement annually for Professional Development, Ergo, Technology
- BU 50 (Admin Mgmt.) increase by \$300.
  - Provide \$1,000 lump sum annually the first full pay period in July for Wellness & Emergency Preparedness.
  - Provide \$1,000 reimbursement annually for Professional Development, Ergo, Technology
- BU 52 (Elected DH); BU 52 (DH); BU 49 (BOS); increase by \$150
  - Provide \$1,000 lump sum annually the first full pay period in July for Wellness & Emergency Preparedness.
  - Provide \$1,000 reimbursement annually for Professional Development, Ergo, Technology

#### Bilingual Premium:

Applies now to all paid status hours. County created a fluent bilingual premium and established a \$1.50 per hour premium for employees who are in a fluent bilingual assignment

#### Confidential Premium:

Increase confidential premium to \$1.50 per hour effective July 11, 2023

#### One-Time, Lump Sum payment:

- BU 50 (Admin Mgmt.); BU 52 (Elected DH); BU 52 (DH)- Effective the pay period of July 11, 2023, for employees in active status who are employed on July 11, 2023, for pay date August 2, 2023
  - \$2,000 one-time lump sum
  - Prorated based on allocated FTE

Miscellaneous Changes:

- Bar Dues- Add language that departments may pay bar dues for attorneys in departments other than County Counsel, at the Department Head's discretion.
- Updates and clarifies various sections
- De-genders contract language consistent with the County's pillars, goals and objectives

Government Code Compliance Requirements:

Various provisions of the California Government Code require certain disclosures before the Board can adopt changes in salaries or benefits, with additional disclosures required for changes in pension and other post-employment benefits. Any changes in salaries and benefits must be adopted at a public meeting of the Board (Cal Gov't Code §23026). Notice of the consideration of such increases must be provided prior to the meeting and shall include "an explanation of the financial impact that the proposed benefit change or salary increase will have on the funding status of the county employees' retirement system." (Cal Gov't Code §31515.5).

In addition, when considering changes in retirement benefits or other postemployment benefits, the Board "shall secure the services of an actuary to provide a statement of the actuarial impact upon future annual costs, including normal cost and any additional accrued liability, before authorizing changes in public retirement plan benefits or other postemployment benefits." (Cal Gov't Code §7507). When there are changes in retirement benefits or other postemployment benefits, the statement of actuarial impacts shall be provided by an enrolled actuary and shall be made public at a meeting at least two weeks before the adoption of the increase in benefits. (Cal Gov't Code §31516).

This staff report recommends the Board adopt changes in the Salary Resolution, including changes to salary and benefits contributions only, with no changes to pension benefits and a minor change to other post-employment benefits (retiree medical).

Segal Valuation Analysis of Market/Equity Adjustments

Based on the analysis conducted by Segal Consulting (Segal), the actuaries for the Sonoma County Employees Retirement Association (SCERA), the net impact over the next three-year's results is an increase in the County's annual contributions, as the actuarial assumptions included in prior valuations are not sufficient to cover the costs of all negotiated cost of living and equity adjustments over the three-year term.

The analysis compares proposed labor changes to the following Sonoma County Employees' Retirement Association (SCERA) adopted salary assumptions:

- 3.0 % applied to the December 31, 2021 Actuarial Valuation used to establish employer and employee pension contribution rates for FY 2023-24. and was used to illustrate the potential cost impact of salary increase in FY 2024-25 and FY 2025-26

The actuarial assumption variations from year to year offset some annual increases and decreases, resulting in a net increase of \$3,328,000 over the next three-years. Staff's review of the average annual increase spread over the next three fiscal years is approx. \$1,109,333. Segal's analysis of the annual impact for each of the three years of the MOU are included in Attachment C, and the following table summarizes the annual impact and net overall increased County costs over the four fiscal years:

	Change in Annual Employer Normal Cost	Change in Annual UAAL* amortized cost	Total Increased Annual Contribution
	(a)	(b)	(a + b )
Year 1 - 2023/24	+ \$1,093,000	+\$1,918,000	+\$3,011,000
Year 2 - 2024/25	+ \$145,000	+\$255,000	+\$400,000
Year 3 - 2025/26	- (\$30,400)	- (\$ 52,600)	- (\$83,000)
Net Increased Costs over 3-year term	+ \$1,207,600	+ \$2,120,400	+ \$3,328,000

\*Unfunded Actuarial Accrued Liability

#### Segal Valuation Analysis of Changes to Retiree Medical

The proposed changes to Section 15 will allow future retirees who reside or move out of a County offered medical plan service area, the option to place the current monthly retiree medical contribution into the Retiree Health Reimbursement Account (HRA). At present, a retiree must be enrolled in a County sponsored medical plan to receive the monthly retiree medical contribution. Any future retiree opting for a contribution into the HRA will be responsible for all premium costs, including Medicare Part B. Providing this option allows future retirees who live or move out of a service area the opportunity to access this benefit, thus participation may increase slightly. This benefit is available to bargaining unit members who were hired before 1/1/2009 and retire on or after 7/11/2023.

Based upon the actuarial analysis by Segal Consulting, this change results in a decrease to the OPEB liability by 0.06% or (\$10,078), as illustrated below

<b>OPEB Liabilities as of June 30, 2022</b>	<b>Pre-2009 Salary Resolution Current Benefit</b>	<b>Proposed \$500/Mo HRA</b>	<b>\$ Impact</b>	<b>% Impact</b>
Implicit Subsidy	\$5,753,003	\$5,537,265	(\$215,738)	(3.75%)
Medicare Part B	\$1,333,021	\$1,284,839	(\$48,182)	(3.61%)
Cash Subsidy	\$9,902,944	\$10,156,786	\$253,842	2.56%
<b>Total OPEB Liability</b>	<b>\$16,988,968</b>	<b>\$16,978,890</b>	<b>(\$10,078)</b>	<b>(0.06%)</b>

In accordance with Government code section 7507, it is recommended your Board receive and review this information and staff will return at a later date with a recommendation to adopt the changes to Section 15 of

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the Salary Resolution to be effective for employees hired prior to January 1, 2009, and who retire on or after July 11, 2023.

**Strategic Plan:**

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**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

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**Prior Board Actions:**

June 14, 2019: Amendments to Salary Resolution, Resolution #19-0271

December 11, 2018 -Amendments to Salary Resolution, Resolution # 18-0504

July 10, 2018 - Amendments to Salary Resolution, Resolution # 18-0260

May 22, 2018 - Amendments to Salary Resolution, Resolution #18-0187

June 14, 2016 - Amendments to Salary Resolution, Resolution #16-0234

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 23-24 Adopted</b>	<b>FY24-25 Projected</b>	<b>FY 25-26 Projected</b>
Budgeted Expenses	\$18,426,538	\$24,213,645	\$29,076,325
Additional Appropriation Requested			
<b>Total Expenditures</b>	<b>\$18,426,538</b>	<b>\$24,213,645</b>	<b>\$29,076,325</b>
<b>Funding Sources</b>			
General Fund/WA GF	\$4,098,013	\$5,385,050	\$6,466,497
State/Federal	\$9,327,013	\$12,256,289	\$14,717,646
Fees/Other	\$5,001,512	\$6,572,305	\$7,892,182
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>\$18,426,538</b>	<b>\$24,213,645</b>	<b>\$29,076,325</b>

**Narrative Explanation of Fiscal Impacts:**

The successor MOU represents a total estimated operational cost increase for FY 2023/24 of \$18,426,538, and the FY 2023/24 recommended budget included appropriations for anticipated labor costs. Adjustments to individual departmental budget appropriations will be made during consolidated budget adjustments as necessary and future costs for FY 2024-25 will be incorporated into the recommended budget.

<b>Staffing Impacts:</b>
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Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

**Narrative Explanation of Staffing Impacts (If Required):**

Not applicable

**Attachments:**

1. Resolution
2. Attachment A - Red-Lined version of proposed changes to Salary Resolution
3. Attachment B - Three GC 31515.5 Disclosure Letters from Segal Consulting dated June 27, 2023
4. Attachment C - Actuarial Analysis Letter from Segal dated May 24, 2023 per GC §7507
5. Attachment D - Market Adjustments
6. Attachment E - Version of Salary Resolution with accepted changes

**Related Items “On File” with the Clerk of the Board:**

None.