



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

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**Agenda Date:** 6/6/2023

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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):** All

**Title:**

Approval of Changes to Article 11 - Medical Benefits for Future Retirees, in the 2023-2026 Memorandum of Understanding between the County of Sonoma and the Sonoma County Prosecutors' Association.

**Recommended Action:**

1. Adopt a Resolution approving changes to Article 11 - Medical Benefits for Future Retirees - that were negotiated as part of the 2023/2026 Successor Memorandum of Understanding ("MOU") between the County of Sonoma and the Sonoma County Prosecutors' Association ("SCPA"), to be effective July 1, 2023 through May 6, 2026.

**Executive Summary:**

Representatives of the County and the Sonoma County Prosecutors' Association (SCPA) met and conferred and reached Tentative Agreements regarding negotiated changes to the terms and conditions of employment for a successor Memorandum of Understanding (MOU). Tentative Agreement 1 was approved by your Board on May 16, 2023 (Resolution No. 23-0258), effective May 16, 2023 through May 6, 2026.

On May 16, 2023, the Board also received and reviewed information regarding changes to Article 11 - Medical Benefits for Future Retirees, outlined in Tentative Agreement 2 (Attachment A), which included an actuarial analysis of the financial impact of the changes to other post-retirement benefits (OPEB) prepared by Segal Consulting dated May 3, 2023 (Attachment B).

Based upon this analysis, the negotiated changes to retiree medical benefits will result in a slight decrease in liability by (0.39%) or (\$3,166). In compliance with law, this information was presented at least two weeks prior to your Board's action on these changes today, pursuant to California Government Code sections 7507, 23026, 31515.5, 31516.

**Discussion:**

The negotiated changes to Article 11 of the SCPA successor MOU provides an option allowing portability of monthly retiree medical contributions to pre-2009 hired employees who retire on or after July 1, 2023, and either live or move out of a County-sponsored medical plan service area. Currently, a retiree must be enrolled in a County-sponsored medical plan in order to receive the \$500 per month contribution towards retiree medical.

The negotiated changes to retiree medical benefits revises Article 11 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 (\$500) into the Retiree Health Reimbursement Account (HRA). Currently, a retiree must be enrolled in a County sponsored medical plan to receive the monthly contribution. If a retiree moves outside of a service area, their only option to receive the County contribution is to enroll in the County Health Plan, or if Medicare eligible, to enroll into AARP United Healthcare. Due to cost factors, some retirees decide not to opt for any coverage through the County. The revisions to Article 11 provide another option to retirees to receive the monthly contribution into the Retiree HRA which can be used to enroll in any medical plan available in the area where they live. As the negotiated changes expands the options available to future retirees who live or move out of a service area, participation may slightly increase. Any future retiree opting for the HRA contribution will be responsible for all premium costs, including Medicare Part B. This benefit is available to bargaining unit members who were hired before 1/1/2009 and retire on or after 7/1/2023.

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).

Segal Valuation Analysis of Changes to Retiree Medical - SCPA

The following information provides a summary of the actuarial analysis conducted by Segal Consulting which was previously received and reviewed by your Board on May 16, 2023. Based on the analysis, this change results in a slight decrease to the OPEB liability by (0.39%) or (\$3,166), as illustrated below

<b>SCPA OPEB Liabilities as of June 30, 2022</b>	<b>Pre-2009 SCPA Current Benefit</b>	<b>Proposed \$500/Mo HRA</b>	<b>\$ Impact</b>	<b>% Impact</b>
Implicit Subsidy	\$316,808	\$304,927	(\$11,881)	(3.75%)
Medicare Part B	\$54,430	\$52,463	(\$1,967)	(3.61%)
Cash Subsidy	\$442,844	\$453,526	\$10,682	2.41%
<b>Total OPEB Liability</b>	<b>\$814,082</b>	<b>\$810,916</b>	<b>(\$3,166)</b>	<b>(0.39%)</b>

The County Administrator has reviewed and acknowledges her understanding of the current and future financial impacts of the negotiated changes to retiree medical or other post-employment benefits (Cal Gov't Code §7507) (Attachment C)

**Strategic Plan:**

This item directly supports the County’s Five-year Strategic Plan and is aligned with all the pillars, goals, and objectives.

**Racial Equity:**

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

Choose an item.

*INSTRUCTIONS: If ‘Yes’ to the above, or if equity analysis was conducted, include requisite information in this section staff’s discussion, findings, and recommendations as it directly relates to this item’s requested action(s).*

**Prior Board Actions:**

- May 16, 2023: Approved SCPA MOU Resolution #23-0258
- June 4, 2019: Approved SCPA MOU Resolution #19-0249
- September 18, 2018: Approved SCPA MOU Extension Resolution #18-0374
- April 19, 2016: Approved SCPA MOU Resolution #16-0141
- November 12, 2013: Approved SCPA MOU Resolution #13-0461

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 22-23 Adopted</b>	<b>FY23-24 Projected</b>	<b>FY 24-25 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

The proposed changes to Article 11 - Medical Benefits for Future Retirees, will result in an actuarially estimated decrease of (\$3,166) to the County’s Total OPEB liability for the SCPA bargaining group, impacting the overall liability from \$814,082 to \$810,916. There is no change to County expenditures based on this minimal change to liability.

**Staffing Impacts: Not applicable**

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

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

Not applicable

**Attachments:**

1. Resolution
2. Attachment A - Tentative Agreement 2 - Retiree Medical - Article 11
3. Attachment B - Actuarial Analysis of OPEB Liability from Segal Consulting dated May 3, 2023
4. Attachment C - Memorandum from County Administrator pursuant to GC §7507

**Related Items "On File" with the Clerk of the Board:**

None