



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 5/7/2019

To: Board of Supervisors of the County of Sonoma, Board of Directors of the Sonoma County Water Agency, Board of Commissioners of the Community Development Commission, and Board of Directors of the Sonoma County Agricultural Preservation and Open Space District

Department or Agency Name(s): Human Resources

Staff Name and Phone Number: Janie Carduff, (707) 565-3995

Vote Requirement: Majority

Supervisorial District(s): All

Title:

Memorandum of Understanding between the County of Sonoma and Service Employees International Union, Local 1021

Recommended Actions:

Adopt a Concurrent Resolution approving the Memorandum of Understanding (MOU) between the County of Sonoma and Service Employees International Union, Local 1021 (SEIU) for the period March 1, 2019 through February 28, 2023.

Executive Summary:

Representatives of the County and Service Employees International Union, Local 1021 (SEIU) met and conferred and reached a tentative agreement (Attachment A) regarding negotiated changes to the terms and conditions of employment for a successor Memorandum of Understanding (MOU) to be effective from March 1, 2019 through February 28, 2023. All changes negotiated for the 2019-2023 successor MOU become effective upon adoption by the Board of Supervisors, unless otherwise specified in the tentative agreement. The SEIU membership has voted and ratified the tentative agreement.

Discussion:

Due to the fiscal uncertainty caused by the October 9, 2017 Sonoma Complex fires, the County and SEIU previously negotiated a one year extension of the 2016-2018 MOU, which expired on February 28, 2019. Representatives of the County and SEIU met and conferred and reached this tentative agreement regarding the terms and conditions of employment, for a four year term.

The following is a brief summary of the major provisions negotiated in this agreement:

Term of Successor MOU:

March 1, 2019 through February 28, 2023

Salary - Cost of Living Adjustments (COLA):

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During the four-year term, all job classifications covered by this MOU will be provided an annual cost-of-living adjustment based upon the following schedule:

- Effective May 21, 2019 - 3% COLA.
- Effective March 24, 2020 - 3% COLA
- Effective March 9, 2021 - 2% COLA, with potential up to 4%*
- Effective March 8, 2022 - 2% COLA, with potential up to 4%*

*Based upon the lesser of San Francisco-Oakland-Hayward All Urban Annual Consumer Price Index (CPI-U), or the County's actual annual secured property tax growth percentage, divided by 1.5.

Salary - Equity Adjustments:

Equity adjustments will be made to bring each benchmark job classification to 100% of the comparable agencies market average based upon the County's 2018 Total Compensation Study as of November 30, 2018 and confirmed by both parties on May 3, 2019. Effective dates of the adjustment to each benchmark classification, and concurrent adjustments to non-benchmark classifications consistent with internal salary administration alignments, will be based upon the following schedule:

- Effective May 7, 2019, all job classifications with a recommended increase will be paid that increase, up to 4%
- Effective March 10, 2020, all job classifications with a recommended increase above 4% will receive the remaining percentage increase

Health & Welfare:

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

| Effective Date | June 1, 2019 | June 1, 2020 | June 1, 2021 | June 1, 2022 |
|----------------------|--------------|--------------|--------------|--------------|
| Employee Only | \$700/mo. | \$742/mo. | \$786/mo. | \$834/mo. |
| Employee + 1 | \$1,400/mo. | \$1,484/mo. | \$1,574/mo. | \$1,668/mo. |
| Employee + 2 or more | \$1,980/mo. | \$2,100/mo. | \$2,224/mo. | \$2,358/mo. |

Retirement Benefits Committee

Provides for the formation of a Labor/Management Retirement Benefits Committee in March 2021 for the purpose of analyzing County retirement benefits, and to develop recommendations for optimal long-term solutions that meet the interests and needs of all impacted parties and positions the County to maintain total compensation market competitiveness and workforce stability. Discussions will address the following items: unfunded liability cost sharing; pension cost sharing; pension obligation bonds; retiree medical benefits; longevity; and retiree cost of living adjustments. The Committee will make recommendations to the County Administrator and then either party may reopen MOU provisions applicable to those recommendations in June 2022, unless an earlier date is mutually agreed.

Dues Deductions

Includes various administrative changes of authorization procedures for employee payroll deductions for payment of union dues and other union sponsored programs, in compliance with Federal and State law changes.

Class Studies

Provides specific time frames for responding to classification study requests.

Salary upon Reclassification and Class Studies Exceeding Two Years

Upon approval by the Civil Service Commission, incumbent employees in job classes being recommended for reclassification will be provided a temporary 5% salary premium, until the Board of Supervisors adopts the classification recommendation. In addition, incumbents impacted by classification studies exceeding two years, where the recommendation is to reclassify the incumbent(s) to a job classification with a higher salary range, the incumbent(s) will be provided an automatic 5% salary increase above the provisions of the MOU Article Salary Upon Promotion, not to exceed the top salary step.

Time off For Donating Blood

Increases the time allowed for blood donation and adds plasma donation, from 1 hour to 2 hours, and increases the frequency for donating from 2 times to 4 times a year.

Housing Assistance Program

County agrees to provide for up to \$50,000 in annual administrative support of this program, and costs exceeding this amount will be deducted from the Housing Assistance Program fund.

Supervisory Leave

Provides all supervisory employees in SEIU Unit 0095 with 8 hours of supervisory leave per calendar year. Unused leave expires at the end of the calendar year, and has no cash value.

Miscellaneous Changes:

- Administrative changes and clarification of definitions within the sick leave article
- Following any disasters occurring within Sonoma, Mendocino, Lake, Napa or Marin counties, upon the request of the union, County representatives will meet to discuss employee needs.
- At the request of the union, the County agrees to meet and discuss the Total Compensation Survey methodology 12 months prior to expiration of this MOU.

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 disclosure 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). Note, however, that today's recommendations do not include changes to other post-employment benefits.

This staff report recommends the Board adopt changes in the SEIU MOU, including changes to salary and benefits contributions only, with no changes to pension benefits or other post-employment benefits (retiree medical).

Segal Valuation Analysis

Based on the analysis conducted by Segal Consulting (Segal), the actuaries for the Sonoma County Employees Retirement Association (SCERA), the net impact over the four year MOU term results is a minimal increase in the County's annual contributions, as the actuarial assumptions included in prior valuations are more than sufficient to cover the costs of all negotiated cost of living and equity adjustments over the four year term.

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

- 3.5% applied to the December 31, 2016 and 2017 Actuarial Valuations used to establish employer and employee pension contribution rates for FY 2018-19 and 2019-20
- 3.25% used in the December 31, 2018 valuation, and to be used for the FY 2020-21, 2021-22, and 2022-23 contribution rates

The actuarial assumption variations from year to year offset annual increases and decreases, resulting in a net increase of \$76,000 over the four year term. Staff's review of the average annual increase spread over the current and next four fiscal years is approx. \$15,200, which should not materially impact the ongoing cost of the plan or the funding status of SCERA. Segal's analysis of the annual impact for each of the four years of the MOU are included in Attachment B, and the following table summarizes the annual impact and net overall increased County costs over the four years:

| | Change in Annual Employer Normal Cost | Change in Annual UAAL amortized cost | Total Annual Increased Contribution |
|--|---------------------------------------|--------------------------------------|-------------------------------------|
| | | | |

| | (a) | (b) | (a + b) |
|--------------------------------------|-------------|------------|------------|
| Remaining 2018/19 | + \$95,000 | +\$67,000 | +\$162,000 |
| Year 1 - 2019/20 | +\$214,000 | +\$361,000 | +\$575,000 |
| Year 2 - 2020/21 | - \$8,000 | -\$14,000 | -\$22,000 |
| Year 3 - 2021/22 | - \$35,000 | -\$61,000 | -\$96,000 |
| Year 4 - 2022/23 | - \$199,000 | -\$344,000 | -\$543,000 |
| Net Increased Costs over 4 year term | + \$67,000 | +\$9,000 | +\$76,000 |

Prior Board Actions:

October 23, 2018, Board adopted SEIU MOU- Side Letter (FYC), Resolution #18-0461

July 10, 2018, Board adopted SEIU MOU Extension, Resolution #18-0263

June 11, 2018, Board adopted SEIU MOU-Side Letter (VPP), Resolution #18-0244

March 15, 2016, Board adopted SEIU MOU, Resolution #16-0093

FISCAL SUMMARY

| Expenditures | FY 18-19 Adopted | FY19-20 Projected | FY 20-21 Projected |
|------------------------------------|-----------------------------|------------------------------|-------------------------------|
| Budgeted Expenses | \$1,285,776 | \$11,683,983 | \$8,702,545 |
| Additional Appropriation Requested | | | |
| Total Expenditures | | | |
| Funding Sources | | | |
| General Fund/WA GF | \$431,260 | \$3,952,135 | \$2,952,136 |
| State/Federal | | | |
| Fees/Other | \$854,516 | \$7,731,848 | \$5,750,409 |
| Use of Fund Balance | | | |
| Contingencies | | | |
| Total Sources | \$1,285,776 | \$11,683,983 | \$8,702,545 |

Narrative Explanation of Fiscal Impacts:

The successor MOU represents a total estimated operational cost increase for fiscal year 2018/19 of \$1,285,776. Current year unanticipated costs are expected to be absorbed by departments' budget if capacity exists. If there's no department capacity, CAO staff estimates sufficient General Fund year-end balance will be available to cover the increased costs. Estimated increases for FY 2019/20 have been incorporated into the Recommended Budget to be submitted for the Board's consideration at the FY 2019/20 Budget Hearings in June.

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Staffing Impacts:

| Position Title (Payroll) | Monthly Salary Range (A - I Step) | Additions (number) | Deletions (number) |
|---------------------------------|--|-------------------------------|-------------------------------|
| | | | |
| | | | |
| | | | |

Narrative Explanation of Staffing Impacts (If Required):

Not applicable.

Attachments:

Concurrent Resolution;

Attachment A - Signed Tentative Agreement;

Appendix A to Attachment A

Attachment B - Four GC 31515.5 Disclosure Letters from Segal Consulting dated April 26, 2019

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

None