



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 5/21/2019

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 the Sonoma County Deputy Sheriff's Law Enforcement Management Unit

Recommended Actions:

Adopt a Resolution approving the Memorandum of Understanding (MOU) between the County of Sonoma and the Sonoma County Deputy Sheriff's Law Enforcement Management Unit from Board adoption through March 31, 2023.

Executive Summary:

Representatives of the County and Sonoma County Deputy Sheriff's Law Enforcement Management Unit (DSLEM) met and conferred and reached a Tentative Agreement and Amended 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 Board adoption through March 31, 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 DSLEM membership has voted and ratified the Tentative Agreement and Amended Tentative Agreement.

Discussion:

Due to the fiscal uncertainty caused by the October 9, 2017 Sonoma Complex fires, the County and the DSLEM previously negotiated a one year extension of the 2016-2018 MOU, which expired on March 31, 2019. Recently, representatives of the County and the DSLEM met and conferred and reached a Tentative Agreement and Amended Tentative Agreement, regarding the terms and conditions of employment, from Board adoption through March 31, 2023.

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

Term of MOU:

From Board adoption through March 31, 2023

Salary - Hourly Cash Allowance:

In-lieu of step increases described below, the hourly cash allowance of \$3.45 will be phased out for all job classifications covered by the MOU, based upon the following schedule:

- Effective May 21, 2019, cash allowance will be reduced to \$2.30/hour
- Effective April 7, 2020 cash allowance will be further reduced to \$1.15/hour
- Effective April 6, 2021 cash allowance will be reduced to \$0/hour

Salary and Equity Adjustments:

During the four year term, all job classifications covered by this MOU will be provided annual salary scale and equity adjustments consistent with internal salary administration alignments, based upon the following schedule, and as listed in Appendix A and A1 of the Amended Tentative Agreement:

- Effective May 21, 2019 - Increase the I Step by \$1.15/hour
 - Then increase the adjusted A Step of all below market benchmark classifications by 50% of the agreed upon percentage identified as below the market average
- Effective June 4, 2019 - Increase the A Step of all job classifications by 2.8%
- Effective April 7, 2020 - Increase the I Step by \$1.15/hour
 - Then increase the adjusted A step of all below market benchmark classifications by 50% of the agreed upon percentage identified as below the market average
 - Then increase the adjusted A step by 50% of the agreed upon additional equity amount per hour
- Effective April 21, 2020 - Increase the A Step of all job classifications by 2.8%
- Effective March 23, 2021 - increase the I step by \$1.15/hour
 - Then increase the adjusted A step by the remaining 50% of the agreed upon additional equity amount per hour
- Effective April 6, 2021 - Increase the adjusted A step of all job classifications by at least 1.75% and not more than 3.65%*
- Effective April 5, 2022 - Increase the A Step by at least 2.0% and no more than 4.0%*

* 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.

POST Premiums

Adds new premium compensation for completion of management certificate issued by the California Commission on Peace Officers' Standards and Training (POST)

- Lieutenants and Captains: 8.5% of base hourly rate
- Assistant Sheriff: 3.5% of base hourly rate

Overtime for Sheriff Service Agreements:

Provides overtime compensation at the base hourly rate for each hour worked on Sheriff's Services

Agreements. Overtime costs associated with this provision are remitted to the County under the terms of the Sheriffs' Services Agreements.

Pension - Required Employee Contributions

- Employees hired before January 1, 2013 will continue to contribute an additional 3% of pensionable compensation through the employee's active employment with the County to continue to share pension costs associated with unfunded liability. This approach is consistent with the Board's 9/11/2018 approval of pension cost reduction strategies recommended by the 2018 Board Pension Ad-Hoc.

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.

Long Term Disability

Increases the monthly County reimbursement paid to employees for this coverage from \$22.50 to \$32.00. Future premium increases will be paid by the employee.

DSA Retiree Medical Trust (DSA-RMT)

Effective May 21, 2019, County contributions for DSLEM members into the Deputy Sheriff's Association, Retiree Medical Trust will increase from \$10.00 to \$25.00 per pay period.

Employee contributions to the DSA-RMT will increase from \$59.23 to \$75.00 per pay period.

Retirement Benefits Committee

Provides for the formation of and participations of DSLEM representatives in 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 position the County to have total compensation market competitiveness and workforce stability.

Discussions shall address the following items: unfunded liability cost sharing; pension cost sharing; pension obligation bonds; retiree medical benefits; longevity; and retiree cost of living adjustment. The Committee will make recommendations to the County Administrator.

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). This staff report recommends the Board adopt changes in the DSA 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 in an overall 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 other salary adjustments over the four year term.

The analysis compares proposed labor changes to the 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 result in a net increased County costs of \$74,000 over the four year MOU term. This increase over the four year term results in an annual average increase of \$18,500 which should not materially impact the ongoing cost of the plan or the funding status of SCERA. The following table summarizes the annual impact and net overall increased County costs over the four years. Segal's analysis of the annual impact for each of the four years of the MOU are included in Attachment B, and summarized in the table below.

	Annual Employer Normal Cost	Annual UAAL amortized cost	Total Annual Increased Contribution
	(a)	(b)	(a + b)
Remaining 2018/19	-\$1,000	-\$3,000	-\$4,000
Year 1 - 2019/20	+\$10,000	+\$16,000	+\$26,000
Year 2 - 2020/21	+\$20,000	+\$28,000	+\$48,000
Year 3 - 2021/22	+\$6,000	+\$8,000	+\$14,000
Year 4 - 2022/23	-\$4,000	-\$6,000	-\$10,000
Net Increased Costs over 4 year term	+\$31,000	+\$43,000	+\$74,000

Prior Board Actions:

August 14, 2018: Received Actuarial Valuation Per GC 7507, 31515.5, and 23026

August 28, 2018: Adopted DSLEM MOU Extension, Resolution #18-0347

March 15, 2016: Board Approved DSLEM MOU, Resolution #16-0095

FISCAL SUMMARY

Expenditures	FY 18-19 Adopted	FY19-20 Projected	FY 20-21 Projected
Budgeted Expenses	\$12,499	\$258,795	\$364,722
Additional Appropriation Requested			
Total Expenditures	\$12,499	\$258,795	\$364,722
Funding Sources			
General Fund/WA GF	\$12,499	\$258,795	\$364,722
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$12,499	\$258,795	\$364,722

Narrative Explanation of Fiscal Impacts:

The successor MOU represents a total estimated operational cost increase for fiscal year 2018/19 of \$12,499. Current year unanticipated costs are expected to be absorbed by departments' budget if capacity exists. If there is no department capacity, CAO staff estimates sufficient General Fund year-end balance will be available to cover the increased costs. Most of the Estimated 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. Mid-year adjustments during FY 2019-20 will be evaluated as part of the annual Mid-

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Year and Third Quarter Estimates standard fiscal monitoring practice.

Staffing Impacts:			
Position Title (Payroll)	Monthly Salary Range (A - I Step)	Additions (number)	Deletions (number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Resolution;

Attachment A - Signed Tentative Agreement and Amended Tentative Agreement

Attachment B - Four GC 31515.5 Disclosure Letters from Segal Consulting dated May 16, 2019

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

None.