



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 7/23/2019

To: Board of Supervisors of the County of Sonoma

Department or Agency Name(s): Human Resources

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

Vote Requirement: Majority

Supervisory District(s): All

Title:

Memorandum of Understanding between the County of Sonoma and the Engineers and Scientists of California, Local 20

Recommended Action:

Adopt a Resolution approving the Memorandum of Understanding (MOU) between the County of Sonoma and the Engineers and Scientists of California, Local 20 from Board adoption through March 25, 2023.

Executive Summary:

Representatives of the County and the Engineers and Scientists of California, Local 20 (ESC) 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 Board adoption through March 26, 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 ESC 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 the ESC previously negotiated a one year extension of the 2016-2018 MOU, which expired on March 25, 2019. Recently, representatives of the County and the ESC met and conferred and reached a Tentative Agreement on July 9, 2019 regarding the terms and conditions of employment for ESC represented employees, from Board adoption through March 25, 2023.

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

Term of MOU:

From Board adoption through March 25, 2023

Salary Adjustments:

Salary 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. Additional salary adjustments will be made as outlined in Appendix A-1. Effective dates of the adjustment to each benchmark classification, and concurrent adjustments to non-benchmark classifications consistent with internal salary administration alignments as outlined in Appendix A-1, attached, will be based upon the following schedule:

- July 30, 2019 - see adjustments as outlined in Appendix A-1
- March 24, 2020 - see adjustments as outlined in Appendix A-1
- March 23, 2021 - see adjustments as outlined in Appendix A-1

Cost of Living ("COLA") Adjustments:

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

- Effective August 13, 2019 - Increase of 3%
- Effective April 7, 2020 - Increase of 3%
- Effective April 6, 2021 - Increase of at least 2%, with potential up to 4%*
- Effective March 22, 2022 - Increase of at least 2%, 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.

Health & Welfare:

Effective June 23, 2019, the County's monthly contribution towards medical plan premiums will be based upon the following schedule:

Effective Date	July 30, 2019	May 19, 2020	May 18, 2021	May 17, 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.

Pension - Required Employee Contributions:

Employees hired before January 1, 2013, or hired after January 1, 2013 who qualify for pension reciprocity and are eligible for retirement benefits under SCERA Plan A, will continue to contribute an additional 3.03% of pensionable compensation until separation of employment from the County, to continue to share pension costs associated with unfunded liability. For employees hired on or after January 1, 2013, there is no change to the existing expiration date, and these employees will continue to pay the 3.03% through July 2024.

Paid Parental Leave

Effective July 23, for eligible events occurring on or after March 25, 2019, any permanent or probationary employee who has been continuously employed by the County for at least 12 months prior to the start of the leave shall be eligible to receive 320 hours of Paid Parental Leave within 12 months of the birth of a child or placement of a child with the employee for adoption or foster care. Part-time employees are eligible for this benefit based on pro-rated hours worked.

Union Dues Deductions

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

Vacation Accruals

Increase in vacation leave accrual maximums from 280 to 300 hours. Hours accrued beyond 280 hours pursuant to California Labor code section 227.3, are subject to forfeiture upon termination or separation from employment.

Other Miscellaneous Changes:

- Provides a phone work premium of 1.5 times an employee's base hourly rate of pay to employees who are off-duty or on standby and are called upon to resolve work-related problems without having to return to the worksite.
- Increases bilingual premium from \$.90 to \$1.15 an hour
- Administrative changes and clarification of definitions within the sick leave article
- Eliminates bi-weekly \$0.50 deferred compensation administrative fee
- Administrative changes to the grievance procedure

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 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 ESC 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, although the actuarial assumptions included in future years’ valuations are anticipated to be sufficient to cover the costs of all negotiated salary increases 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 2017 Actuarial Valuation used to establish employer and employee pension contribution rates for 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 offset increases and decreases from year to year, resulting in an overall net increase in County costs of \$35,000 over the four fiscal year period, and should not materially impact the ongoing cost of the plan of the funding status of SCERA. Segal’s analysis of the annual impact over each fiscal year is included in Attachment B, and summarized in the following table.

	Annual Employer Normal Cost	Annual UAAL amortized cost	Total Annual Increased Contribution
	(a)	(b)	(a + b)
Year 1 - 2019/20	+\$39,000	+\$58,000	+\$97,000
Year 2 - 2020/21	+\$17,000	+\$30,000	+\$47,000
Year 3 - 2021/22	-\$9,000	-\$15,000	-\$24,000
Year 4 - 2022/23	-\$31,000	-\$54,000	-\$85,000
Net Increased Costs over 4 year term	+\$16,000	+\$19,000	+\$35,000

Prior Board Actions:

October 23, 2018: Adopted ESC MOU Extension, Resolution #18-0455

June 11, 2018: Adopted Side Letter for Vacation Purchase Plan, Resolution #18-0423

September 13, 2016 Adopted Side Letter Agreement Resolution, #16-0331

September 13, 2016: Approved ESC MOU, Resolution #16-0332

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected	FY 22-23 Projected
Budgeted Expenses	\$ 2,035,617	\$ 1,537,821	\$ 1,372,958	\$ 1,216,806
Additional Appropriation Requested				
Total Expenditures	\$ 2,035,617	\$ 1,537,821	\$ 1,372,958	\$ 1,216,806
Funding Sources				
General Fund/WA GF	\$ 74,064	\$ 55,952	\$ 49,954	\$ 44,273
State/Federal	\$ 1,961,552	\$ 1,481,868	\$ 1,323,004	\$ 1,172,534
Fees/Other				
Use of Fund Balance				
Total Sources	\$2,035,617	\$ 1,537,821	\$ 1,372,958	\$ 1,216,806

FISCAL SUMMARY**Narrative Explanation of Fiscal Impacts:**

The successor MOU represents a total estimated operational cost increase for fiscal year 2019/20 of \$ 2,035,617. The majority of the estimated increases for FY 2019/20 have been incorporated into the Recommended Budget which was recently approved by the Board during the FY 2019/20 Budget Hearings. Future projected cost increases will be incorporated into budget development for future fiscal years.

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

Narrative Explanation of Staffing Impacts (If Required):

Not applicable.

Agenda Date: 7/23/2019

Attachments:

Resolution

Attachment A - Signed Tentative Agreement

Attachment B -GC 31515.5 Disclosure Letters from Segal Consulting dated July 17, 2019

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

None.