



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 8/13/2019

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 Sonoma County Law Enforcement Managers Association

Recommended Action:

Adopt a Resolution approving the Memorandum of Understanding between the County of Sonoma and the Sonoma County Law Enforcement Managers Association from Board Adoption through July 2, 2023.

Executive Summary:

Representatives of the County and the Sonoma County Law Enforcement Managers Association (SCLEMA) 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 July 2, 2023. All changes negotiated for the 2019-2023 successor MOU become effective upon adoption by the Board of Supervisors/Board of Directors, unless otherwise specified in the Tentative Agreement. SCLEMA membership has voted and ratified the Tentative Agreement on August 5, 2019.

Discussion:

Due to the fiscal uncertainty caused by the October 9, 2017 Sonoma Complex fires, the County and SCLEMA previously negotiated a one year extension of the 2016-2018 MOU, which expired on July 2, 2019. Recently, representatives of the County and SCLEMA met and conferred and reached a Tentative Agreement on July 26, 2019 regarding the terms and conditions of employment, from Board Adoption through July 2, 2023.

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

Term of MOU

From Board adoption through July 2, 2023

Salary Adjustments

Salary adjustments will be made to each benchmark job classification that is below the market average. 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

Agenda Date: 8/13/2019

internal salary administration alignments as outlined in Appendix A-1, attached, will be based upon the following schedule:

- August 13 2019
- July 14, 2020
- July 13, 2021

Cost of Living (COLA) Adjustments

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

- Effective August 27, 2019 - Increase of 3%
- Effective July 28, 2020 - Increase of 3%
- Effective July 27, 2021 - Increase of at least 2%, with potential up to 4%*
- Effective July 12, 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 July 30, 2019, the County's monthly contribution towards medical plan premiums will be based upon the following schedule:

Effective Date	August 13, 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% for general members and 3.00% for safety members 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% for general retirement and 3.00% for safety retirement through July 2024.

POST Premiums

Effective August 13, 2019, increases the premium compensation for completion of certain certifications issued by the California Commission on Peace Officers' Standards and Training (POST), as follows:

- Intermediate certificate from 3.25% to 4.25% of base hourly rate
- Advanced certificate from 6.75% to 8.5% of base hourly rate
- Supervisory certificate from 8.0% to 9.75% of base hourly rate
- Adds Communications Dispatcher Manager to designated job classifications eligible to receive POST premiums to be effective no later than August 27, 2019, as follows:
 - Intermediate Certificate: 3.5% of base hourly rate
 - Advanced Certificate: 6.75% of base hourly rate

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.

Other Miscellaneous Changes

- Provides an annual service equipment allowance of \$250 effective 8/27/2019
- Increases contribution to Retiree Health Reimbursement Account (HRA) from \$10 to \$25 per pay period
- Eliminates deferred compensation administrative fee of \$0.75 per pay period
- Updates and clarifies dependent eligibility for health benefits
- Administrative changes and clarification of definitions within the sick leave article

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 advisory 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 SCLEMA 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, and it is anticipated the actuarial assumptions included in future years' valuations will 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 \$64,320 over the five fiscal year period and thus, 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 table below.

	Annual Employer Normal Cost	Annual UAAL amortized cost	Total Annual Increased Contribution
	(a)	(b)	(a + b)
FY - 2019/20	+\$6,000	+\$10,000	+\$16,000
FY - 2020/21	+\$14,500	+\$21,000	+\$35,500

FY - 2021/22	+\$6,200	+\$9,400	+\$15,600
FY - 2022/23	-\$930	-\$1,050	-\$1,980
FY - 2023/24	-\$19,900	-\$28,000	-\$47,900
Net Increased Costs over 5 year term	\$5,870	\$11,350	\$17,220

Prior Board Actions:

October 9, 2018: Approved Article 6-Medical Benefits for Future Retirees to SCLEMA MOU Extension, Resolution #18-0423

September 18, 2018: Adopted SCLEMA MOU Extension, Resolution #18-0380

October 25, 2017: Approved Side Letter for Overtime Pay during Board Designated Emergency, Concurrent Resolution #17-01417

January 5, 2016 Approved SCLEMA MOU, Concurrent Resolution, #16-0211

FISCAL SUMMARY

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected	FY 22-23 Projected
Budgeted Expenses	\$287,928	\$344,270	\$ 304,324	\$251,253
Additional Appropriation Requested				
Total Expenditures				
Funding Sources				
General Fund/WA GF	\$277,306	\$331,570	\$293,097	\$241,984
State/Federal				
Fees/Other	\$10,622	\$12,701	\$11,227	\$9,269
Use of Fund Balance				
Contingencies				
Total Sources	\$287,928	\$344,270	\$304,324	\$251,253

Narrative Explanation of Fiscal Impacts:

The successor MOU represents a total estimated operational cost increase for fiscal year 2019/20 of \$287,928 . The majority of the estimated increases for FY 2019/20 have been incorporated into the Recommended Budget which was 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:

Agenda Date: 8/13/2019

Position Title (Payroll Classification)	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

Attachment B - GC 31515.5 Disclosure Letters from Segal Consulting dated August 8, 2019

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

N/A