



Legislation Details (With Text)

File #: 2019-1099
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On agenda: 7/30/2019 **Final action:** 7/30/2019
Title: Memorandum of Understanding between the County of Sonoma and the International Union of Operating Engineers, Stationary Engineers, Local 39
Sponsors: Human Resources
Indexes:
Attachments: 1. Summary Report.pdf, 2. Attachment A, 3. Attachment B, 4. Concurrent Resolution

Date	Ver.	Action By	Action	Result
7/30/2019	1	Board of Supervisors	Approved as recommended	Pass

To: Board of Supervisors of the County of Sonoma, Board of Directors of the Sonoma County Water Agency
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 International Union of Operating Engineers, Stationary Engineers, Local 39

Recommended Action:

Adopt a Resolution approving the Memorandum of Understanding (MOU) between the County of Sonoma and the International Union of Operating Engineers - Local 39 from July 2, 2019 through July 1, 2023.

Executive Summary:

Representatives of the County and the International Union of Operating Engineers - Local 39 (Local 39) 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 July 2, 2019 through July 1, 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. Local 39 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 Local 39 previously negotiated a one year extension of the 2016-2018 MOU, which expired on July 1, 2019. Recently, representatives of the County and Local 39 met and conferred and reached a Tentative Agreement on June 28, 2019 regarding the terms and conditions of employment, from July 2, 2019 through July 1, 2023.

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

Term of MOU:

From July 2, 2019 through July 1, 2023

Salary Adjustments:

Salary adjustments will be made to each benchmark job classification that is below the market average. 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 - all job classifications with a recommended increase up to and including 4%, as outlined in Appendix A-1
- July 14, 2020 - all remaining 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 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 13, 2019 - Increase of 3%
- Effective July 28, 2020 - Increase of 3%
- Effective July 13, 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	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.

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.

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.

Other Miscellaneous Changes:

- Administrative changes and clarification of definitions within the sick leave and vacation savings plan articles
- Increase reimbursement for safety shoes/boots from \$200 to \$225 per pair
- Increases annual Staff Development allowance from \$500 to \$565 for full-time employees and from \$250 to \$285 for part-time employees
- Increases annual Tool Allowance for specific job classes from \$550 to \$615 for full-time employees and from \$275 to \$310 for part-time employees
- Increases standby pay from \$4.50 per hour to \$5.30 per hour
- Clarifies Detention Facilities premium pay of 5% when assigned for an entire pay period only
- Updates and clarifies dependent eligibility for health benefits
- Increases time allowed for blood and plasma donations to 2 hours, 4 times annually
- Provides additional step in disciplinary process for Water Agency and Fair employees

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 and then either party may reopen MOU provisions applicable to those recommendations in June 2022, unless an earlier date is mutually agreed.

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 LOCAL 39 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 decrease in the County's annual contributions, and the actuarial assumptions included in future years' valuations are anticipated to be more than 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 decrease in County costs of \$9,000 over the four 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)

Year 1 - 2019/20	+\$1,000	+\$2,000	+\$3,000
Year 2 - 2020/21	+\$4,000	+\$7,000	+\$11,000
Year 3 - 2021/22	-\$3,000	-\$6,000	-\$9,000
Year 4 - 2022/23	-\$5,000	-\$9,000	-\$14,000
Net Increased Costs over 4 year term	-\$3,000	-\$6,000	-\$9,000

Prior Board Actions:

October 9, 2018: Adopted Add'l Provisions to Local 39 MOU Extension, Concurrent Resolution #18-0412

June 5, 2018: Adopted Local 39 MOU Extension, Concurrent Resolution #18-0242

March 20, 2018: Adopted Side Letter for Vacation Purchase Plan, Concurrent Resolution #18-0100

July 19, 2016 Approved Local 39 MOU, Concurrent Resolution, #16-0275

Expenditures	FY 19-20 Adopted	FY20-21 Projected	FY 21-22 Projected	FY 22-23 Projected
Budgeted Expenses	\$ 713,203	\$ 722,950	\$ 673,611	\$ 662,004
Additional Appropriation Requested				
Total Expenditures	\$ 713,203	\$ 722,950	\$ 673,611	\$ 662,004
Funding Sources				
General Fund/WA GF	\$ 299,545	\$ 303,639	\$ 282,917	\$ 278,042
State/Federal				
Fees/Other	\$ 413,658	\$ 419,311	\$ 390,694	\$ 383,962
Use of Fund Balance				
Contingencies				
Total Sources	\$ 713,203	\$ 722,950	\$ 673,611	\$ 662,004

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

The successor MOU represents a total estimated operational cost increase for fiscal year 2019/20 of \$713,203. 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.

Attachments:

Concurrent Resolution

Attachment A - Signed Tentative Agreement

Attachment B - GC 31515.5 Disclosure Letters from Segal Consulting dated July 19, 2019

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

None.