



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Human Resources	(2) MEETING DATE 11/5/2019	(3) CONTACT/PHONE Tami Douglas-Schatz, Human Resources Director (805) 781-5959	
(4) SUBJECT Submittal of a resolution approving 1) the July 1, 2019 through June 30, 2022 Memorandum of Understanding between the County of San Luis Obispo and the San Luis Obispo County Sheriffs Managers' Association, and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board adopt the resolution approving 1) the July 1, 2019 through June 30, 2022 Memorandum of Understanding between the County of San Luis Obispo and the San Luis Obispo County Sheriffs Managers' Association, and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.			
(6) FUNDING SOURCE(S) Departmental savings and/or unanticipated revenue	(7) CURRENT YEAR FINANCIAL IMPACT \$34,473.00	(8) ANNUAL FINANCIAL IMPACT \$259,168.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW Zachary A. Lute			
(18) SUPERVISOR DISTRICT(S) All Districts.			



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Human Resources / Tami Douglas-Schatz, Human Resources Director
(805) 781-5959

DATE: 11/5/2019

SUBJECT: Submittal of a resolution approving 1) the July 1, 2019 through June 30, 2022 Memorandum of Understanding between the County of San Luis Obispo and the San Luis Obispo County Sheriffs Managers' Association, and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices. All Districts.

RECOMMENDATION

It is recommended that the Board adopt the resolution approving 1) the July 1, 2019 through June 30, 2022 Memorandum of Understanding between the County of San Luis Obispo and the San Luis Obispo County Sheriffs Managers' Association, and 2) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.

DISCUSSION

The San Luis Obispo County Sheriffs Managers' Association (SLOCSMA), Bargaining Unit (BU) 15 currently represents a total of twelve employees in the classifications of Sheriff's Chief Deputy, Sheriff's Commander, Sheriff's Correctional Captain, and Sheriff's Correctional Lieutenant.

On April 4, 2019, the County and SLOCSMA began negotiations for a successor Memorandum of Understanding (MOU). After several negotiation sessions, the parties reached a tentative agreement on September 18, 2019.

Prior to commencement of contract negotiations, the County conducted a compensation survey to determine the market position regarding wages and benefits, as measured against similar classifications in other jurisdictions in California. The results of this survey were influential during the negotiations with SLOCSMA for a successor MOU.

The MOU is included as attachment A. There are also revisions to the pension plan appendices associated with the agreement, and these are included as Appendix B. The key terms of the new MOU are detailed below.

Term

The term of the MOU is three years, commencing July 1, 2019 and expiring on June 30, 2022.

Wages

Effective the pay period including July 1, 2019, an equity increase of 5.79% will be implemented for employees in the classification of Sheriff's Correctional Captain. This equity increase will bring this classification more in line with what other agencies surveyed by the County are compensating similar classifications and will also address internal alignment issues (i.e. the difference in pay between one classification and another) with the Sheriff's Correctional Captain, Sheriff's Chief Deputy, and Sheriff's Commander classifications.

Effective the first paycheck of January 2020, a sixth salary step shall be added to the salary range. The pay rate of the sixth step shall be 5% above the pay rate of the fifth step, and employees may qualify for advancement to step six after completion of the equivalent of one year of full time service in step five and upon the recommendation of the Sheriff and approval by the Human Resources Director. The creation of the new sixth step will be done in conjunction with the elimination of the cash-in-lieu of medical coverage payment made to employees who opt out of a County-sponsored medical plan.

Effective the pay period including July 1, 2020, all SLOCSMA-represented employees shall receive a 2.5% wage increase.

Effective the pay period including January 1, 2021, all SLOCSMA-represented employees shall receive a 2.0% wage increase.

Effective the pay period including July 1, 2021, all SLOCSMA-represented employees shall receive a 2.5% wage increase.

Healthcare

Effective for the first paycheck of January 2020, the cash-in-lieu payment provided to employees who elect to opt out of a County-sponsored medical plan shall be eliminated. The elimination of this payment will happen in conjunction with the additional sixth salary step. Currently, all SLOCSMA-employees who elected to opt out of a County-sponsored medical plan prior to January 1, 2016 receive a payment of \$1,178 per month. Employees who elected to opt out of a County-sponsored medical plan on or after January 1, 2016 are not eligible for this payment. With this new provision, effective the first paycheck of January 2020 no SLOCSMA-represented employees will be eligible for these payments if they elect to opt out of a County-sponsored medical plan.

Pension Contributions

The salary survey conducted in preparation for negotiations indicated that a key area negatively impacting employee compensation is the high pension contribution rate required by employees represented by SLOCSMA. These employees contribute significantly more out of pocket than other comparable agencies and other County employees. The pension contribution changes that were negotiated between SLOCSMA and the County will help lessen the impact of these high pension contribution costs on employees while also continuing the County's philosophy of sharing pension contribution rate increases 50/50 with employees.

SLOCSMA-represented employees and the County will continue to share pension contribution rate increases 50/50, however in order to address the issue of high out of pocket pension costs for SLOCSMA-represented employees, the following exceptions are made for the term of the MOU:

- Effective the start of pay period following Board approval of the resolution and MOU, all SLOCSMA represented employees shall receive a pension equity adjustment of 4%, resulting in a net 4% reduction in the employee pension contribution rate and a net 4% increase to the County pension contribution rate.
- There shall be no pension increase for SLOCSMA represented employees for the time period between July 1, 2020 and June 30, 2021.
- For the time period between July 1, 2021 and June 30, 2022, the employee share of pension increases shall not exceed one percent (1%).
- The seven percent (7%) pension equity differential that was agreed to for the 2017 through 2019 MOU to address the high out of pocket pension contributions for SLOCSMA-represented employees will be eliminated effective the pay period following Board approval of the resolution and MOU.

Uniform Allowance

Effective the pay period following Board approval of the resolution and MOU, the current monthly uniform allowance of \$45.00 shall be increased to \$75.00 per month.

Career Incentive

Another area identified by the salary survey where SLOCSMA-represented employees are significantly below the market is the monthly career incentive allowance. Currently SLOCSMA-represented employees who possess a Peace Officers Standards and Training (POST) Supervisory Certificate, and who then possess a POST Management Certificate after two years of employment, receive a \$250 per month career incentive allowance. This allowance currently only applies to employees in the classifications of Sheriff's Chief Deputy and Sheriff's Commander, however with this new MOU, employees in the classifications of Sheriff's Correctional Captain and Sheriff's Correctional Lieutenant will also be eligible for this allowance for successful completion of the POST Management Course and/or Standards and Training for Corrections (STC) Manager/Administrator course. In addition, effective the pay period including January 1, 2020, the allowance shall be increase from \$250 per month to \$450 per month. These increases will help bring the career incentive allowance more in line with the market.

OTHER AGENCY INVOLVEMENT/IMPACT

Representatives from the Administrative Office, Auditor's Office, County Counsel, Library, and the Pension Trust participated in the development of these MOUs. County Counsel has reviewed and approved the resolution and MOU as to form and legal effect. The Auditor's Office and Human Resources will process the system changes needed to implement these agreements.

FINANCIAL CONSIDERATIONS

The wage increases are estimated to increase County costs by \$35,760 for Fiscal Year (FY) 2019-20, by an additional \$123,031 for FY 2020-21, and by an additional \$103,794 for FY 2021-22. Total ongoing annual costs associated with the wage increases are estimated to increase by \$262,584.

The elimination of the cash in-lieu provisions are estimated to save the County an estimated \$19,080 for FY 2019-20, and an additional \$19,080 for FY 2020-21 and FY 2021-22. Total annual savings associated with the elimination of the cash in-lieu program are estimated to be \$38,160.

The elimination of the seven percent (7%) pension equity differential is estimated to save the County an estimated

\$51,826 for FY 2019-20, an additional \$41,070 for FY 2020-21, and an additional \$4,100 for FY 2021-22. Total annual savings associated with the elimination of the 7% pension equity are estimated to be \$96,996.

The 4% pension equity adjustment, whereby the employee's pension contribution rate will be reduced by 4% and the County's pension contribution rate will be increased by 4% is estimated to increase County costs by \$44,422 for FY 2019-20, by an additional \$35,203 for FY 2020-21, and by an additional \$3,515 for FY 2021-22. Total ongoing annual costs associated with the 4% pension equity adjustment are estimated to increase by \$83,140. The costs associated with the pension holiday for FY 2020-21 and the cost of the 1% cap on pension increases for FY 2021-22 will be presented to the Board for approval prior to the implementation of those pension changes.

The career incentive increases are estimated to increase County costs by \$18,900 for FY 2019-20, by an additional \$18,900 for FY 2020-21. Total ongoing annual costs associated with the career incentive increases are estimated to increase by \$37,800.

The uniform allowance increase is estimated to increase County costs by an additional \$6,296 for FY 2019-20, and by an additional \$4,504 FY 2020-21. Total ongoing annual costs associated with the uniform allowance increase is also estimated to increase by \$10,800.

Total County costs associated with the new MOU are estimated to increase by \$34,473 for FY 2019-20, by an additional \$121,487 for FY 2020-21, and an additional \$103,208 for FY 2021-22. Total annual ongoing cost increases at the end of the new MOU are estimated to be \$259,168. This does not include the cost of future pension rate changes for FY 2020-21 or FY 2021-22, which will be presented to the Board for approval prior to the implementation of those changes. Otherwise, this is the full estimated cost of the increases effected by the MOU.

Departmental savings and/or unanticipated revenue will be the primary source of funding for unbudgeted expenditures associated with the compensation increases included in the attached MOU. To the extent departmental savings are not available to cover the amount, staff will recommend that the Board authorize a transfer of the deficit amount out of General Fund contingencies to departments' operating budgets, as needed, as part of the third quarter report. Third quarter is when many such adjustments are made.

RESULTS

Approval of this resolution will establish a new MOU with the SLOCSMA effective from July 1, 2019 through June 30, 2022. The terms and conditions outlined in the MOU are consistent with the Board's direction to stabilize the County's overall budget and share in pension rate increases. Employee compensation adjustments are negotiated with the intent to balance what the County is able to afford with providing competitive salary and benefits to attract and maintain a high-performing workforce. Approval of this resolution ensures the County is in compliance with Government Code 3500, which mandates good faith collective bargaining to reach agreements, and is consistent with the County's goal to promote a well-governed community.

ATTACHMENTS

- 1 Attachment 1: Resolution
- 2 Attachment 2: Attachment A – SLOCSMA (BU15) 2019 – 2022 MOU
- 3 Attachment 3: Appendix B – Safety Member Contribution Rates