



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Human Resources
Department No.: 064
For Agenda Of: June 5, 2018
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Lori Gentles, Human Resources Director, 568-2816
Director(s)
Contact Info: Joseph M. Pisano, Interim Chief of Employee Relations,
568-2839
SUBJECT: Service Employees International Union, Local 620 Amended MOU

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- A. Approves a Memorandum of Understanding with the Service Employees International Union, Local 620 for terms and conditions of employment through June 27, 2021 as set forth in Attachment A, and
- B. Determines pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4) that the above action is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and therefore is not a project subject to environmental review.

Summary Text:

The most recent Memorandum of Understanding (MOU) between the County and the Service Employees International Union, Local 620 (Local 620) expires on June 30, 2019, but the parties have met and conferred in good faith and have reached a tentative agreement for an MOU that governs terms and conditions of employment for this group through June 27, 2021 as set forth in Attachment A. The tentative agreement has been ratified by vote of the Local 620 membership.

The recommended actions approve the proposed MOU, which contains unit-wide wage increases offset in part by increased retirement cost sharing by “classic” (aka “legacy”) employees as defined under the Public Employees’ Pension Reform Act (PEPRA). PEPRA was implemented by the Governor and State legislature effective on January 1, 2013. It established lower retirement benefits for new employees hired on or after that date, and requires that these newly hired employees pay half the normal cost of their retirement benefits. Employees hired prior to the implementation of PEPRA are referred to as classic or legacy employees, and their retirement contributions are paid at a lower rate than new employees hired after PEPRA was implemented. The MOU implements more equitable retirement cost sharing between the County and its classic/legacy employees. There are no significant changes other than the provisions for classic employees’ retirement cost sharing and the unit-wide wage increases.

Background:

Local 620 currently represents approximately 1938 employees who work in departments Countywide. The parties have reached a tentative agreement for an MOU that expires on June 27, 2021. The MOU provides for a series of wage increases for all employees represented by Local 620 in conjunction with greater retirement cost sharing by classic or legacy employees as defined under PEPRA. These employees do not currently pay half the normal cost of their pension benefits, which is required of new employees hired after PEPRA was implemented. By July 2020, classic or legacy employees will be paying 2.5% of their pensionable income as a mandatory pre-tax contribution toward the County’s share of retirement costs, implemented in three stages. The retirement cost sharing provisions of the MOU will become effective when the Auditor-Controller’s Office completes the necessary programming and payroll testing, which will be as soon as practicable but not before July 2, 2018. The County will be required to pay less to fund pension benefits for these employees, which will help to defray the cost of unit-wide wage increases of 8% over the term of the MOU, 3% of which had been previously negotiated.

The recommended actions approve this MOU, which is set forth in full in Attachment A, with changes from the previous MOU tracked in Attachment B. In addition to the agreements for wage increases and retirement cost sharing, the parties also agreed to make ministerial changes to include actions approved by the board since the last MOU agreement was reached in 2016, to update or clarify some provisions, and to delete obsolete language in certain sections. The successor agreement includes the following significant changes from current terms and conditions of employment for employees represented by Local 620:

- 1.5% classic employee mandatory pickup of County retirement costs effective as soon as practicable but not before July 2, 2018
(Note: a previously negotiated 3.0 % wage increase will still be effective July 2, 2018; this 3.0% increase includes a 0.5% previously negotiated equity increase that the parties have agreed to apply unit-wide.)
- 2.5 % wage increase effective July 1, 2019
- 0.5% classic employee mandatory pickup of County retirement costs effective July 1, 2019
- 2.5 % wage increase effective June 29, 2020
- 0.5% classic employee mandatory pickup of County retirement costs effective June 29, 2020

- Previously negotiated special duty allowances of 5% for employees regularly assigned to the Crisis Stabilization Unit, for employees in the Behavioral Wellness Practitioner job classification series regularly assigned to County Jail, Juvenile Hall, or Los Prietos Boys Academy/Boys Camp have been added to the MOU.
- A previously negotiated special duty allowance of 10% for one Maintenance Worker in the Public Works Department who performs skilled concrete finish work in the Urban Forestry Division has been added to the MOU.
- The MOU expires on June 27, 2021

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

As noted above, the recommended actions provide for general wage increases totaling 8% over the term of the MOU extension, 5% of which are new increases, offset in part by increases in the retirement contributions of classic employees.

Overall the total cost of implementing the tentative agreement through the end of Fiscal Year 2020-2021 would be approximately \$32.9 million offset by approximately \$5.9 million in pension pickups for an average incremental cost increase of 2.3% per year. The approximate initial incremental cost increases, as well as the ongoing cost of each component of the agreement, are estimated by fiscal year in the table below. The savings associated with retirement cost sharing in Fiscal Year 2018-19 have been estimated based on implementation in July 2018; actual savings will depend on when the cost sharing provisions take effect.

Local 620 TA April 2018	FY 2018-19	FY 2019-20	FY 2020-21	Totals
Existing 3% Increase July 2018	5,873,265	5,873,265	5,873,265	17,619,796
1.5% Classic Employee Pension Contribution July 2, 2018	(1,429,481)	(1,465,218)	(1,501,849)	(4,396,549)
New 2.5% Increase July 2019	-	5,041,219	5,041,219	10,082,439
0.5% Classic Employee Pension Contribution July 2019	-	(488,406)	(500,616)	(989,022)
New 2.5% Increase July 2020	-	-	5,167,250	5,167,250
0.5% Classic Employee Pension Contribution July 2020	-	-	(500,616)	(500,616)
Totals	4,443,784	8,960,860	13,578,653	26,983,298

Special Instructions:

Attachments:

- Attachment A: Local 620 MOU
- Attachment B: Local 620 MOU – Changes Tracked

Authored by: Joseph Pisano

cc: Mona Miyasato, County Executive Officer
 Michael C. Ghizzoni, County Counsel
 Theo Fallati, Auditor Controller
 Department Heads
 Assistant CEOs