



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 18, 2019
Placement: Administrative
Estimated Time
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Maria Elena De Guevara, Human Resources Director, 568-2816

Contact Info: Joseph Pisano, Employee Relations Division Chief,
568-2839

SUBJECT: Pension Cost Sharing for Unrepresented Safety Management Employees

County Counsel Concurrence

As to form: Yes

Other Concurrence:

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approves the resolution in Attachment A to implement additional pension cost sharing provisions for unrepresented management employees in legacy safety retirement plans, along with additional wage increases for a certain subset of those employees, effective as soon as practicable on or after July 1, 2019, 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 recommended actions would approve the resolution in Attachment A amending the Personnel Benefits Policy for Management and Confidential Unrepresented Employees to provide for additional retirement cost sharing by “classic” (aka “legacy”) safety management employees as defined under the Public Employees’ Pension Reform Act (PEPRA), along with additional wage increases for a certain subset of those employees. In addition, language has been added to incorporate previous pension cost sharing implemented for confidential unrepresented attorneys. All changes to the current resolution are tracked in Attachment B.

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.

In July 2018, the Board approved a resolution to implement more equitable retirement cost sharing provisions between the County and its classic/legacy unrepresented management employees that were similar to retirement cost sharing provisions implemented for most other County employees, phased in over three fiscal years. However, as part of that action, only one year of pension cost sharing was implemented for unrepresented safety management employees, and staff was directed to return with additional recommendations for potential pension cost sharing and wage increases for this group at a later time. The current recommendations are in response to that direction, and are summarized in the following table:

Recommended Additional Cost-sharing/Wage Pools for Unrepresented Safety Managers						
	FY 2019-20		FY 2020-21		FY 2021-22	
	Wage Pool	Additional Pickups	Wage Pool	Additional Pickups	Wage Pool	Additional Pickups
Probation Managers, Sheriff, Fire Chief	2.50%	0.83%	2.50%	0.83%	Open	None
Other Fire Managers/Undersheriff	3.50%	2.00%	3.50%	2.00%	3.50%	1.17%

Staff recommends treating all unrepresented safety managers in the Probation Department and the Fire Chief differently than other Fire Managers and the Undersheriff because employees in the Fire Chief classification and in all Probation safety management classifications in legacy retirement plans are in full-rate plans, while other safety Fire Managers and the Undersheriff in legacy plans are in half-rate retirement plans. All union represented safety employees in legacy retirement plans are in half-rate plans.

Since legacy retirement plans for the other safety Fire Managers and the Undersheriff are the same as for union represented safety employees in their departments, staff recommends that they be treated essentially the same in terms of total pension pickups and available wage pool increases. This makes less sense for legacy employees in the Fire Chief classification and in all Probation safety management classifications, who are in full-rate legacy retirement plans, because union represented safety employees in their departments are in half-rate legacy retirement plans. To illustrate the difference, an additional 6% employee pickup of employer pension costs for safety Probation managers would mean the managers would pay between

17% and 20% of their pensionable income to fund their pension benefits, and an average of 18%, compared to an average of 12% after the 6% pickups are implemented for union represented safety employees in the Probation Department. This disparate impact of the additional 6% pickups does not apply to safety managers in half-rate legacy plans in the Fire Department and Sheriff's Office.

Background:

Of the total of 28 unrepresented safety managers working in the Fire and Probation Departments and in the Sheriff's Office, 26 are in classic/legacy retirement plans. 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. Last year, a 0.83% mandatory pre-tax contribution toward the County's share of retirement costs (i.e. a "pickup" of the employer's costs) was implemented for these employees. This is the same as was implemented for unrepresented classic/legacy non-safety managers, but the retirement plans and costs are different for safety and non-safety employees, and the Board directed staff to return at a later time with recommendations for additional pension cost sharing provisions and potential wage increases for the unrepresented safety managers.

All union represented safety employees have agreed to pick up a total 6% of the County's share of their pension costs over a three year period, but these groups negotiated total wage increases of 10.5% over the next three years, which exceeds those currently planned for unrepresented safety management employees, whose wage increases are tied to the same wage pool provided for unrepresented non-safety managers. Per the Management Classification and Salary Plan adopted by the Board on October 9, 2018, this wage pool is equal to the general wage increases SEIU Local 620 employees receive, currently 2.5% in Fiscal Year 2019-20 and 2.5% in Fiscal Year 2020-21. The significance of a "wage pool" is that individual managers are eligible for increases tied to their performance, but the overall value of increases for managers in a given department cannot exceed the total percentage value of the wage pool for managers in that department.

Staff recommends the following additional pension-cost sharing provisions for unrepresented safety managers, with a corresponding increase in the wage pool for those from whom higher pension pickups would be implemented if the recommended actions are approved:

- For the Fire Chief and all unrepresented safety managers in the Probation Department, an additional 0.83% pickup in pay period 2019-15 or as soon as practicable to implement thereafter, then a final 0.83% pickup in pay period 2020-15 for a total of 2.49%, which is the same as for unrepresented non-safety managers, and
- For safety Fire Managers, except the Fire Chief, and for the Undersheriff, an additional 2.0% pickup in pay period 2019-15 or as soon as practicable to implement thereafter, an additional 2.0% pickup in pay period 2020-15, and a final 1.17% pickup in pay period 2021-15 for a total of 6%, which would align future pickups with the total for union represented safety employees in the Fire Department and Sheriff's Office, and
- For the Sheriff, an additional 0.83% pickup in pay period 2019-15 or as soon as practicable to implement thereafter, then a final 0.83% pickup in pay period 2020-15 for a total of 2.49%, which is the same as for other elected department heads, and

- For safety Fire Managers, except the Fire Chief, and for the Undersheriff, provide a wage pool equal to general wage increases for represented safety employees in the Fire and Sheriff's departments of 3.5% in each of the following fiscal years: 2019-20, 2020-21, and 2021-22. Actual increases for safety managers will still be based on performance, but the wage pool and additional pickups for these managers would be aligned with general wage increases and additional pickups for union represented safety employees in the Fire Department and Sheriff's Office. The additional 1% increase in the wage pool for the first two of those fiscal years from what is currently planned and the final 3.5% increase in Fiscal Year 2021-22 would not apply to the Fire Chief or to unrepresented safety managers in the Probation Department, for whom lower total pension cost sharing pickups are recommended.

Fiscal Analysis:

Budgeted: Partially budgeted for Fiscal Year 2019-20.

The same 2.5% wage pool was planned for unrepresented safety managers as for unrepresented non-safety managers for Fiscal Year 2019-20. The recommended actions would increase that wage pool for the Undersheriff and all safety Fire Managers, except the Fire Chief, by 1%, but the value of the additional recommended pension pickups will offset the majority of the additional cost of increasing the wage pool.

Overall, the estimated total cost of implementing the recommended actions through the end of Fiscal Year 2021-2022 would be approximately \$1.6 million, offset by approximately \$300,000 in pension pickups for an average incremental cost increase of 2.5% per year. This includes the estimated cost of providing the 2.5% wage pools previously established in the Management Classification and Salary Plan adopted by the Board on October 9, 2018 for all safety Probation managers.

Special Instructions:

Please send one (1) copy of the minute order and fully-executed resolution to Stefan Brewer, Position Control Division, Human Resources Department.

Attachments:

Attachment A: Resolution amending the Personnel Benefits Policy for Management and Confidential Unrepresented Employees

Attachment B: Resolution amending the Personnel Benefits Policy for Management and Confidential Unrepresented Employees – Changes Tracked

cc: Mona Miyasato, County Executive Officer
Michael C. Ghizzoni, County Counsel
Betsy Schaffer, Auditor-Controller
Bill Brown, Sheriff – Coroner
Mark A. Hartwig – Fire Chief
Tanja A. Heitman – Chief Probation Officer