



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:** December 10, 2024  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Kristine Schmidt, Human Resources Director  
Director 568-2817  
Contact Info: Yvonne Torres, Asst. Human Resources Director (805) 568-3075  
**SUBJECT: Ratification of Increases and Report on SBCERS Funding Status Impacts**

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence:  
As to form: SBCERS

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A. Ratify approval of the following items related to employee salaries and benefits approved on July 30, 2024, with reaffirmation of such actions:
  - I. Memorandum of Understanding with the Service Employees International Union, Local 721 for terms and conditions of employment from August 5, 2024 through July 4, 2027 (Agenda item A-1 from July 30, 2024); and
  - II. Memorandum of Understanding with the Engineers and Technicians Association for terms and conditions of employment from August 5, 2024 through July 4, 2027 (Agenda item A-3 from July 30, 2024); and
  - III. Memorandum of Understanding with the Deputy District Attorneys Association for terms and conditions of employment from August 5, 2024 to July 4, 2027 (Agenda item A-4 from July 30, 2024); and
  - IV. A 4.5% general salary increase for management and certain confidential unrepresented employees, similar to those granted to other bargaining units, effective August 5, 2024 with additional adjustments should the total financial terms of the successor agreement with the largest employee union group for base salary increases and/or medical benefits exceed the total financial terms received by (Agenda item A-2 from July 30, 2024, as later clarified with regard to Local Agency Executives by agenda item A-23 of August 20, 2024); and

- B. Receive a report of the potential impact of salary and benefit increases provided during the 2024 calendar year on the funded status of the County's pension plan; and
- C. Determine 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:**

Staff are returning to the Board pursuant to California Government Code sections 23026 and 31515.5 to request ratification of employee salaries and benefits approved by the Board during a special meeting on July 30, 2024, and to provide a report on the potential impact of salary and benefit increases approved during the 2024 calendar year. Government Code requires a county with an established county employees' retirement system pursuant to the County Employees Retirement Law of 1937 to disclose to the public, at a properly noticed meeting of the board, all salary and benefit increases that affect either or both represented employees and non-represented employees. The County has always done this, including disclosing the cost impacts of such increases on annual pension contributions.

These sections require approval at a "regularly scheduled meeting" and 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.

**Discussion:**

**Ratification of Actions from July 30, 2024**

The recommended actions will ratify the approvals of employee salary and benefit increases approved on July 30, 2024. Staff reports for these actions are included in Attachments A-E to this board letter.

Increases for Local Agency Executives (Department Heads and above) were not actually approved until the next regular meeting of August 20, 2024 with a revised effective date of August 19, 2024.

**Potential Impact of Increases on Pension Plan**

As mentioned, the approval of salary and benefit increases should include an explanation of the financial impact that the proposed change will have on the "funding status" of the county employees' retirement system. This should occur in addition to the disclosure of cost impacts to annual pension contributions, which the County has always done.

SBCERS makes certain actuarial assumptions regarding salaries in determining the funding status of the retirement plan. SBCERS estimates a general wage inflation component of 3.00% per year, plus a longevity and promotion component of between 0.38% and 4.75% for General employees and between 0.75% and 6% for safety members, depending on years of service. It is not expected that increases will exactly meet these assumptions in any one year. Rather, these assumptions represent the net effect over long stretches of time (20-30 years). Variation from one year to another can have an impact to the overall plan funding. In years where growth is less than SBCERS assumptions, the impact on plan

funding can be negative. Provided actual salary growth doesn't exceed SBCERS assumptions over the long term and, the County makes regular pension contributions on the actual salaries granted, absent other negative factors, the County should continue to see progress towards fully funding the plan. SBCERS conducts a review of its salary assumptions every three years as part of an actuarial experience study. The study and resulting assumption changes adopted by the Board of Retirement serve as a control that ensures the wage growth assumptions used to value the plan don't materially differ from actual wage growth over time.

As reflected below, increases provided to employee groups in 2024-2025 will, in the aggregate, exceed this actuarial assumed increase of 3% per year (compounded annually) resulting in actuarial losses to the funding status of the plan that will be netted against possible future year gains, losses and a variety of other factors including investment results, general inflation, and changes in member population demographics like mortality and gender.

<b>Bargaining Unit</b>	<b>Increase Approval Date</b>	<b>Term of General Salary Increases</b>	<b>Value of Increases Over Term: Yr1, Yr2, Yr3 (including "me too" clauses triggered)</b>
Managers and Local Agency Executives	April 23, 2024	One-time, effective June 2024	3.7%
CAA (including Unit 36)	July 9, 2024	3 years	4.84%, 3.07%, 2.87%
SEIU 721	July 30, 2024	3 years	7.08%, 5.11%, 5.01%
ETA	July 30, 2024	3 years	4.55%, 3.05%, 3%
DDDA	July 30, 2024	3 years	4.86%, 3.08%, 2.89%
Managers	July 30, 2024	3 years	5% (plus see 3.7% one-time adjustment above), 3%, 2.5%
Local Agency Executives	August 20, 2024	3 years	5% (plus see 3.7% one-time adjustment above), 3%, 2.5%
SEIU 620	August 20, 2024	3 years	5.02%, 3.02%, 2.77%
DSA Amendment	March 15, 2022, as amended on August 20, 2024	4 years	3.43%, 2.71%, 7.46%, 2.88%

Agreements with some of these same groups were largely less than the actuarially assumed 3.00% per year over the last several negotiations cycles, resulting in theoretical improvements to the funding status of the plan.

**Fiscal Analysis:**

This action has not financial impact.

**Special Instructions to Clerk of the Board:**

Upon approval by the Board, please email one (1) copy of the minute order to Jaime Espinosa at [hrlbcoordinator@countyofsb.org](mailto:hrlbcoordinator@countyofsb.org)

**Attachments:**

- Attachment A-1: SEIU Local 721 BOS Letter
- Attachment A-2: SEIU Local 721 MOU
- Attachment A-3: SEIU Local 721 MOU (Changes Tracked)
- Attachment A-4: SEIU Local 721 Minute Order
- Attachment B-1: Management Resolution 24-167 BOS Letter
- Attachment B-2: Management Resolution
- Attachment B-3: Management Resolution 24-167 Minute Order
- Attachment C-1: Engineers and Technicians Association BOS Letter
- Attachment C-2: Engineers and Technicians Association MOU
- Attachment C-3: Engineers and Technicians Association MOU (Changes Tracked)
- Attachment C-4: Engineers and Technicians Association Minute Order
- Attachment D-1: Deputy District Attorney Association BOS Letter
- Attachment D-2: Deputy District Attorney Association MOU
- Attachment D-3: Deputy District Attorney Association MOU (Changes Tracked)
- Attachment D-4: Deputy District Attorney Minute Order
- Attachment E-1: DSA Side Letter BOS Letter
- Attachment E-2: DSA Side Letter
- Attachment E-3: DSA Voluntary Overtime Procedure
- Attachment E-4: DSA Minute Order

**Authored by:** Kristine Schmidt, Director of Human Resources

**cc:** Mona Miyasato, County Executive Officer  
Greg Levin, Executive Director, SBCERS  
Rachel Van Mullem, County Counsel  
Betsy Schaffer, Auditor Controller