



**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: July 3, 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: Terms and Conditions of Employment for Confidential Unrepresented
Employees**

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 wage increases for confidential unrepresented employees that mirror a recent collective bargaining agreement for employees in similar job classifications represented by the Service Employees International Union, Local 620, and implements changes to employee retirement cost sharing in the Resolution in Attachment A (changes tracked in Attachment B), which mirrors the pension cost sharing agreement with Local 620, 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:

On June 5, 2018 the Board approved a Memorandum of Understanding (MOU) between the County and the Service Employees International Union, Local 620 (Local 620) that governs terms and conditions of employment for this group through June 27, 2021 and provides for

employee wage increases and retirement cost sharing. Confidential unrepresented employees work in many of the same or similar job classifications as Local 620 represented employees, and terms and conditions of employment for these confidential unrepresented employees typically mirror those negotiated with Local 620 for employees represented by the union.

The recommended actions would provide for confidential unrepresented employees to receive the same unit-wide wage increases over the next several years as those provided for Local 620 represented employees, offset in part by the same provisions for 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 recommended actions would implement more equitable retirement cost sharing between the County and its confidential classic/legacy employees.

Background:

There are approximately 57 confidential employees in Bargaining Unit 32 who work in departments Countywide. The recommended actions provide for a series of wage increases for all confidential employees in conjunction with greater retirement cost sharing by classic or legacy confidential 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 resolution will become effective when the Auditor-Controller’s Office completes the necessary programming and payroll testing, which will be as soon as practicable after 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 three years. The 8% total increase includes a previously approved wage increase of 3.0% for confidential employees in Bargaining Unit 32, effective on July 2, 2018.

The recommended actions would implement the following wage increases and retirement pickups:

- 3.0% previously approved wage increase effective July 2, 2018
- 1.5% classic employee mandatory pickup of County retirement costs effective as soon as practicable after July 2, 2018
- 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

Fiscal and Facilities Impacts:

Budgeted: Yes.

Fiscal Analysis:

As noted above, the recommended actions provide for general wage increases totaling 8% over three years, offset in part by increases in the retirement contributions of classic/legacy employees.

Overall the total cost of implementing the recommended actions through the end of Fiscal Year 2020-2021 would be approximately \$1.07 million offset by approximately \$214,000 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.

Cost Estimates for Confidential Employees	FY 2018-19	FY 2019-20	FY 2020-21	Totals
Existing 3% Increase for Unit 32 employees July 2018	190,978	190,978	190,978	572,934
1.5% Pickup of Pre-PEPRA Pensionable income	(52,066)	(53,367)	(54,702)	(160,135)
New 2.5% Increase July 2019	0	163,923	163,923	327,845
0.5% Pickup of Pre-PEPRA Pensionable income	0	(17,789)	(18,234)	(36,023)
New 2.5% Increase July 2020	0	-	168,021	168,021
0.5% Pickup of Pre-PEPRA Pensionable income	0	0	(18,234)	(18,234)
Totals	138,912	283,744	431,752	854,408

Special Instructions:

Attachments:

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

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