



**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:** May 15, 2018  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**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 721 MOU Extension**

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**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 an extension of the current Memorandum of Understanding with the Service Employees International Union, Local 721 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 721 (Local 721) 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 721 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. Changes to the previous MOU are tracked in Attachment B, and significant changes are summarized in Attachment C.

### **Background:**

Local 721 currently represents approximately 453 employees most of whom work in the Social Services Department. Sixteen of the 453 total employees work in the Probation, Public Defender, or Sheriff’s departments. 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 721 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 a change in the MOU’s maintenance of membership provision and to make ministerial changes to update or clarify some provisions and 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 721:

- 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)
- 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
- 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 \$6.4 million offset by approximately \$1.1 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.

<b>Local 721 Tentative Agreement April 2018</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>Total</b>
Existing 3% Increase July 2018	1,152,228	1,152,228	1,152,228	3,456,683
1.5% Classic Employee Pickup of Pensionable income	(278,440)	(285,401)	(292,536)	(856,376)
New 2.5% Increase July 2019	0	988,995	988,995	1,977,991
0.5% Classic Employee Pickup of Pensionable income	0	(95,134)	(97,512)	(192,645)
New 2.5% Increase July 2020	0	-	1,013,720	1,013,720
0.5% Classic Employee Pickup of Pensionable income	0	0	(97,512)	(97,512)
<b>Totals</b>	<b>873,788</b>	<b>1,760,689</b>	<b>2,667,384</b>	<b>5,301,860</b>

Auditor-Controller concurrence as to form did not include a review of this fiscal analysis, which was performed by CEO Budget.

**Special Instructions:**

**Attachments:**

Attachment A: Local 721 MOU

Attachment B: Local 721 MOU– Changes Tracked

Attachment C: Summary of Significant Changes to Local 721 MOU

**Authored by:** Joseph Pisano

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