County of Sonoma  
Agenda Item  
Summary Report  

To: Board of Supervisors of the County of Sonoma

**Board Agenda Date:** June 14, 2016  
**Vote Requirement:** Majority

**Department or Agency Name(s):** County Administrator and Human Resources

**Staff Name and Phone Number:**
- Veronica Ferguson  565-2588
- Christina Cramer  565-2988

**Supervisory District(s):** Countywide

**Title:** Amendments to the Salary Resolution 95-0926

**Recommended Actions:**
Adopt concurrent resolution amending compensation and benefits provided under Salary Resolution Number 95-0926 for Department Heads, Administrative Management, Confidential, and Unrepresented Employees.

**Executive Summary:**
This action will incorporate increases to compensation and benefits for employees under Salary Resolution 95-0926 (Salary Resolution) recommended for implementation effective July 5, 2016, or as otherwise indicated.

The major recommended changes are as follows:

**Cost of Living Adjustments:**
- 3% COLA will be applied to A-Step of all job classifications listed in Appendix A of the Salary Resolution, effective the pay period beginning March 14, 2017.
**One-Time Lump Sum Non-Pensionable Payment:**
**Department Heads and Administrative Management**
All regular employees in allocated Administrative Management or Department Head positions will receive a one-time non-pensionable lump sum payment paid in two equal installments of $6,790. The first installment will occur in July, 2016, for employees in active status as of the last day of the pay period beginning July 5, 2016 and ending July 18, 2016. The second installment will occur in July, 2017, for employees in active status as of the last day of the pay period beginning on July 4, 2017 and ending July 17, 2017.

**Pension Cost Sharing with Offset – Additional Employee Contribution Toward 50% of Normal Cost:**
**General Plan Members**
General retirement plan members hired on or before December 31, 2012, will pay an additional contribution (above the current employee pension rate, and exclusive of the additional 3.03% employees are currently paying toward unfunded annual actuarial liability (UAAL) as described in section 34.2.3 of the Salary Resolution) toward fifty percent (50%) of normal cost of pension. Contributions and employer offsets shall be as follows:

**Employee Contributions:**
- Effective the first full pay period following July 1, 2016, General retirement plan members hired on or before December 31, 2012 will contribute one-third of the actuarially determined difference between the average general employee retirement rate and one half of the total normal cost. Effective the first full pay period following July 1, 2017, General retirement plan members hired on or before December 31, 2012 will contribute an additional one third (for a total of two thirds) of the actuarially determined difference between the average general employee retirement rate and one half of the total normal cost.

**Employer Offset:**
- Effective the first full pay period following July 1, 2016, General retirement plan members as described above will receive a lump sum reimbursement equal to the dollar value of the deduction described above. Effective the first full pay period following July 1, 2017, General retirement plan members as described above will receive a lump sum reimbursement equal to the dollar value of the total deduction described above.

**Safety Plan Members**
Safety retirement plan members hired on or before December 31, 2012 will pay an additional contribution (above the current employee pension rate, and exclusive of the additional 3% employees are currently paying toward unfunded annual actuarial liability (UAAL) as described in section 34.4.3 of the Salary Resolution) toward fifty percent (50%) of normal cost of pension. Contributions and employer offsets shall be as follows:

**Employee Contributions:**
- Effective the first full pay period following July 1, 2016, Safety retirement plan members hired on or before December 31, 2012 shall contribute 1.5% on all pensionable income. Effective the first full pay
period following July 1, 2016, Safety retirement plan members hired on or before December 31, 2012 shall contribute an additional 1.3% (2.8% total) on all pensionable income.

Employer Offset:
- Effective the first full pay period following July 1, 2016 Safety retirement plan members who contribute the additional 1.5% of pensionable income will receive a lump sum reimbursement equal to the dollar value of the deduction described above. Effective the first full pay period following July 1, 2017 Safety retirement plan members who contribute the additional 1.3% (2.8% total) of pensionable income will receive a lump sum reimbursement equal to the dollar value of the deduction described above.

County Contributions to Medical Premiums
Confidential (Unit 51) and Unrepresented (Unit 00)
Effective the pay period beginning May 23, 2017 for coverage beginning June 1, 2017, the County’s contribution toward medical plan premiums will be as follows:
- Employee Only = $580
- Employee + 1 = $1,158
- Family Plan (Employee + 2 or more) = $1,638

Miscellaneous Changes
- Increase basic term life insurance from $10,000 to 1.5X annual base salary and allow supplemental life insurance in $10,000 increments for employees in the Unrepresented Unit.
- Accelerate vacation accrual to 4.94 per 80 in-service hours for the first 4 years of employment for employees in the Unrepresented and Confidential units.
- Incorporation of changes to sick leave provisions, in accordance with the recently changed State Law.
- Method of deductions for employee contributions to health and dental plan premiums will change to two times per month (instead of bi-weekly). The same annual contribution amount will apply.
- Employees who receive a promotion from a classification not in Administrative Management to a classification in Administrative Management will receive the salary step most closely equivalent to but not less than ten percent of the employee’s salary step before promotion, but not greater than the maximum salary step of the new classification.

Government Code Compliance Requirements:
Various provisions of the California Government Code require certain disclosures before the Board can adopt changes in salaries or benefits, with additional disclosure required for changes in pension and other post-employment benefits. Any changes in salaries and benefits must be adopted at a public meeting of the Board (Cal Gov’t Code §23026). Notice of the consideration of such increases must be provided prior to the meeting and shall include “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.” (Cal Gov’t Code §31515.5).

In addition, when considering changes in retirement benefits or other postemployment benefits, the Board “shall secure the services of an actuary to provide a statement of the actuarial impact upon future annual costs, including normal cost and any additional accrued liability, before authorizing
changes in public retirement plan benefits or other postemployment benefits.” (Cal Gov’t Code §7507). When there are changes in retirement benefits or other postemployment benefits, the statement of actuarial impacts shall be provided by an enrolled actuary and shall be made public at a meeting at least two weeks before the adoption of the increase in benefits. (Cal Gov’t Code §31516).

This staff report recommends the Board adopt changes in the Salary Resolution including changes to salary and benefits. However, there are no changes to pension or other post-employment benefits. Based on the letter received from Segal Company (Segal), the increases in salary represented by both the COLA’s and other increases described in Segal’s analysis are within the assumptions applied in the December 31, 2015 actuarial valuation and therefore Segal believes that the proposed changes will not materially impact the ongoing cost of the plan and funding status of Sonoma County Employee’s Retirement Association (SCERA). Segal’s analysis is included in Attachment B.

Prior Board Actions:
3-15-16: Amendments to the Salary Resolution 95-0926
7-28-15: Changes sick leave benefits for all Salary Resolution employees, to comply with State law.

Strategic Plan Alignment
Goal 3: Invest in the Future
The action maintains market competitiveness, increases employee share of retirement costs, and provides fiscally responsible benefit enhancements to non-represented employee groups.

Fiscal Summary - FY 15-16

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Revision No. 20151201-1
**Narrative Explanation of Fiscal Impacts (If Required):**

FY 16/17 and 17/18 cost is approximately $7.4M. Of this cost, approximately $3.5M is general fund. On-going cost is approximately $3.1M total. Of this total on-going cost, approximately $1.5 M is estimated to be general fund.

FY 2016-17 adjusted salaries and benefits have been included in the recommended FY 2015-2017 budget, and subsequently in the next two-year FY 2017-2019 budget.

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<td><strong>Position Title (Payroll Classification)</strong></td>
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**Narrative Explanation of Staffing Impacts (If Required):**

None

**Attachments:**

Resolution
Attachment A – Amendments to Salary Resolution

**Related Items “On File” with the Clerk of the Board:**

None