October 18, 2022

Board of Supervisors
County of Marin
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: Tentative Agreement between the County of Marin and the Marin County Fire Battalion Chiefs’ Association for the term October 16, 2022 – June 30, 2025.

Dear Board Members:

RECOMMENDATION: The Human Resources Department recommends that your Board approve the tentative agreement reached between the County of Marin and the Marin County Fire Battalion Chiefs’ Association for a successor 3-year collective bargaining agreement for the term October 16, 2022 – June 30, 2025.

SUMMARY: The recently negotiated 3-year successor agreement includes annual cost of living adjustments, amended health benefits to ensure affordability for represented employees and other terms that address working conditions based on your Board’s priorities.

The agreed upon terms include:

<table>
<thead>
<tr>
<th>Term</th>
<th>October 16, 2022 – June 30, 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>Year 1: Effective the first pay period following adoption of this Agreement, the rate of pay for all classes and employees shall be increased by two percent (2%).</td>
</tr>
<tr>
<td>(Cost of Living Adjustment):</td>
<td>Year 2: Effective the first full pay period of July 2023, the rate of pay for all classes and employees shall be increased by three percent (3.0%).</td>
</tr>
<tr>
<td></td>
<td>Year 3: Effective the first full pay period of July 2024, the rate of pay for all classes and employees shall be increased by three percent (3.0%).</td>
</tr>
<tr>
<td>One Time Lump Sum Payment</td>
<td>Effective the pay period following adoption of this Agreement, Regular Hire full-time employees shall receive a one-time, non-pensionable payment of $2,400. This amount will be prorated for Regular Hire part-time employees based on the part-time employee’s FTE.</td>
</tr>
</tbody>
</table>
Retention and Hard to Fill Bonuses:

1. **Hard to Fill Bonus**: When Human Resources deems a position “hard to fill”, after notification to Battalion Chiefs’ Association, new employees hired after adoption of this Agreement, shall be eligible for a signing bonus of $2,500-$10,000. The signing bonus shall be split and the new employee shall receive 50% of the signing bonus in the first paycheck and 50% of the bonus after successful completion of the probationary period. If the employee does not complete the first full year of employment, the employee shall reimburse the County for the signing bonus received.

   “Hard to fill” generally means an approved open recruitment has been unfilled for six (6) months, or the approved recruitment needed to re-open more than once because the County was unable to hire a candidate for the opening, or the County can show a difficulty retaining employees in the classification, or other similar agencies are offering a signing bonus for the classification.

2. **Retention Bonus**: All Regular hire employees on the books upon ratification of this agreement will receive a one-time $1,000 retention bonus within three pay periods in recognition of years of service to the County.

   All Regular Hire employees who are on the books on July 1, 2023 will receive a one-time $1,000 retention bonus in the first paycheck in August 2023 in recognition of years of service to the County.

**Equity:**

Effective the pay period following adoption of the Agreement, the rate of pay for all classifications by 1%.

**Emergency Medical Technician Pay:**

Effective the pay period following adoption of the Agreement, all Regular Hire full-time employees who have a current California Emergency Medical Technician (EMT) Certification will receive additional pay of two percent (2.0%). Employees must maintain their EMT Certification to continue receiving this benefit.

**Health Benefits:**

Regular hire employees enrolled in an employee plus one (1) or employee plus family County medical plan will receive an increased bi-weekly fringe benefit payments in calendar year 2022 as follows:

<table>
<thead>
<tr>
<th>Employee +1 Dependent</th>
<th>Employee + Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>677.66</td>
<td>908.74</td>
</tr>
</tbody>
</table>

Effective in 2022, in the pay period in which health insurance rates are normally adjusted, the County will increase the bi-weekly fringe benefit package by the same dollar amount as the Kaiser Silver plan increase, from zero percent (0%) – six percent (6%), (based on the Kaiser Silver premium increase) for a benefited employees at the employee plus one (1) and employee plus family benefit levels.
In December 2022, in addition to the above, the County will add $.65 per pay period to the employee only, employee plus one and employee plus family fringe payments to cover a dental enhancement.

Effective in December 2023 and December 2024, in the pay period in which health insurance rates are normally adjusted, the County will increase the bi-weekly fringe benefit package by the same dollar amount as the Kaiser Silver plan increase, from zero percent (0%) – five percent (5%), (based on the Kaiser Silver premium increase) for a benefited employees at the employee plus one (1) and employee plus family benefit levels.

**Misc.:**

**Holidays:**
The parties agreed to convert the half days holidays of Christmas and New Year’s Eve to 12 hours of holiday pay for 56 hour employees and 8 hours of a holiday to 40 hour employees. Payment for holiday(s) will ensure 40 hour and 56 hour BCs’ pay remains commensurate using the existing formula.

**Side Letters:**
Maintain side letters on PMR Revisions and Reopener on Affordable Care Act (ACA); and
Incorporate 40/56 side letter into the MOU.

**Settlement Intent:**
If the Marin County Fire Department Firefighters’ Association receives an across-the-board wage increase that exceeds the wage increases agreed to here during the time covered by this Agreement (and considering any offsetting reductions, such as pension or medical cost sharing), the parties agree to meet and confer over equivalent increases (and offsets).

**EQUITY IMPACT:** This successor agreement reflects the County’s commitment to equity in our work with our labor colleagues to best leverage County resources to support our employees through cost of living adjustments, healthcare contributions to ensure affordability and addressing other working conditions.

**FISCAL IMPACT:** These salary and benefit adjustments will result in incremental cost increases of $90,292 in FY 2022-23, $96,691 in FY 2023-24 and $62,561 in FY 2024-25. Adjusting for the one-time payments, the ongoing increase to the baseline budget is 11.73 percent of pay over the three-year agreement. Please see Addendum A which provides a more detailed fiscal impact of the proposal. Funds have been allocated by the County Administrator’s Office in departmental budgets for the proposed adjustments.

The Marin County Employees’ Retirement Association (MCERA) has provided an actuarial impact on future retirement costs of the pensionable increases proposed. This estimate of the long-term pension liabilities is attached, as Addendum B, for review prior to the adoption of these adjustments.
Please let me know if you have any questions or concerns.

Respectfully submitted,

Sarah Anker
Acting Director of Human Resources

cc: Matthew Hymel, County Administrator
    Josh Swedberg, Interim Budget Manager
    Mina Martinovich, Interim Director of Finance
    Jason Weber, Fire Chief
    Jeff Wickman, Retirement Administrator, MCERA

Attachments: Addendum A: Costing Summary
              Addendum B: Estimate of Actuarial Impact of the Salary/Benefit Increase
Bargaining Unit - Fire Battalion Chiefs

Baseline Information

Current Salary Base 1,156,587
Current Wage-Related (Variable) Benefits 419,812
Current Non Pensionable Wages 236,742
FTE 6
1% of Salary, Benefits and Variable Fringe 18,131

Average Base Salary 192,765

Incremental Cost of MOU

<table>
<thead>
<tr>
<th></th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
<th>FY 2024-25</th>
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</thead>
<tbody>
<tr>
<td>Regular Hire COLA*</td>
<td>24,242</td>
<td>67,503</td>
<td>57,147</td>
</tr>
<tr>
<td>2.0%</td>
<td></td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1% - All Unit</td>
<td>12,121</td>
<td>6,011</td>
<td></td>
</tr>
<tr>
<td>Health Benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowance increase</td>
<td>5,837</td>
<td>5,156</td>
<td>5,414</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2% EMT</td>
<td>24,242</td>
<td>12,021</td>
<td></td>
</tr>
<tr>
<td>One-Time</td>
<td>14,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retention</td>
<td>6,000</td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td>Holiday Pay</td>
<td>3,450</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Incremental Cost</td>
<td>90,292</td>
<td>96,691</td>
<td>62,561</td>
</tr>
</tbody>
</table>

Total Cumulative Cost 249,544

Incremental increase as % of salary & variable fringe
4.88% 5.08% 3.19%

Total cumulative ongoing change
3.78% 8.54% 11.73%

* Prorated for partial year
September 26, 2022

To: Matthew Hymel  
County Administrator, County of Marin

From: Jeff Wickman  
Retirement Administrator, Marin County Employees’ Retirement Association

Subject: Cost of Pay Adjustment Proposal for Marin County Fire Department Battalion Chiefs Association

Background

On September 2, 2022, the Marin County Employees’ Retirement Association (MCERA) was notified that the County of Marin had negotiated cost of living increases and salary equity adjustments with employees represented by the Marin County Fire Department Battalion Chiefs Association (MCFDBCA) that would in total exceed the salary growth assumption (3.0%) set by the Board of Retirement and used by the actuary to calculate the annual required contributions. Government Code section 31515.5 provides in part that:

The board of retirement, or board of investments in a county in which a board of investments has been established pursuant to Section 31520.2, is authorized, consistent with its fiduciary duties, to have an enrolled actuary prepare an estimate of the actuarial impact of the salary or benefit increase. The actuarial data shall be reported to the board of supervisors.

Based on the above provision and consistent with the Board of Retirement’s fiduciary responsibilities we asked our actuary, Cheiron, to prepare an estimate of the cost impact that would be created by the potential salary increases.

Action

Attached to this memo is Cheiron’s cost analysis. This information is being provided for the Board of Supervisors as required by statute.

Cc: Sarah Anker, Human Resources Director  
Megan Numair, Principal Human Resources Analyst  
Josh Swedberg, Budget Manager  
Michelle Hardesty, Assistant Retirement Administrator
Via Electronic Mail

September 23, 2022

Mr. Jeff Wickman
Retirement Administrator
Marin County Employees’ Retirement Association
One McInnis Parkway, Suite 100
San Rafael, CA 94903-2764

Re: Impact to MCERA from Salary Proposal

Dear Jeff:

Pursuant to Section 31515.5 of the California Government Code, the Retirement Administrator, on behalf of the Board of Retirement, has requested an actuarial analysis on the impact to the Marin County Employees’ Retirement Association (MCERA) attributable to the salary adjustments proposed in 2022 through 2025 for the Marin County Fire Battalion Chiefs Association (the Association).

The County indicated that in the first year of the contract, all Association members will receive a 2.0% base salary adjustment and an additional equity adjustment of 1.0%. Five of the six Association members will also receive an EMT adjustment of 2.0%. The salary adjustments in the first year of the contract exceed MCERA’s 3.0% wage growth assumption by an average of 1.6% for all Association members. The salary adjustments in years two and three equal MCERA’s 3.0% wage growth assumption.

While these salary adjustments are unlikely to have a substantial impact on the Plan as a whole, we estimate that the salary adjustments for these members would increase MCERA’s Actuarial Liability by approximately $160,000. If we were to add the total expected impact of the salary increases to the Actuarial Liability as of June 30, 2021, it would reduce the funding ratio for Marin County by 0.01%, from 106.79% to 106.78%.

The employer contributions on behalf of the Association’s members will also change as a result. The exhibit on the following page summarizes the effect of the salary adjustments on the employer contributions expected to be made by the County over the next five years; we note that the elevated contribution amounts will continue beyond the five-year period shown on the next page. All results shown assume that all assumptions are met exactly in the future.
In preparing our letter, we relied on information (some oral and some written) supplied by MCERA. This information includes, but is not limited to, the salary adjustments and the list of affected members provided by MCERA on September 6, 2022.

The benefit provisions, assumptions, and methods are those disclosed in our June 30, 2021 valuation report, with the exception that the salary increases described above were used to project wage increases and payroll growth for these members during the period identified. These changes are expected to affect a total of 6 active employees.

We have not been informed by the County of any other changes in pension-related benefits other than the salary increases described above. The County indicated that the salary adjustments would be in addition to any regular career progression salary increases members would be expected to receive.

Future results may differ significantly from the current results presented in this letter due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and, changes in plan provisions or applicable law.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Increase in Employer Normal Cost</th>
<th>Increase in UAL Payment</th>
<th>Increase in Employer Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2023</td>
<td>$300</td>
<td>$2,700</td>
<td>$3,000</td>
</tr>
<tr>
<td>June 30, 2024</td>
<td>300</td>
<td>5,600</td>
<td>5,900</td>
</tr>
<tr>
<td>June 30, 2025</td>
<td>300</td>
<td>8,600</td>
<td>8,900</td>
</tr>
<tr>
<td>June 30, 2026</td>
<td>900</td>
<td>11,700</td>
<td>12,600</td>
</tr>
<tr>
<td>June 30, 2027</td>
<td>800</td>
<td>15,100</td>
<td>15,900</td>
</tr>
</tbody>
</table>
this letter. This letter does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Finally, this letter was prepared for MCERA for the purpose described herein. Other users of this letter are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

We are available to answer any questions you may have.

Sincerely,
Cheiron

Graham A. Schmidt, ASA, EA, FCA, MAAA
Consulting Actuary

Timothy S. Doyle, ASA, EA, MAAA
Associate Actuary

cc: Bill Hallmark