COUNTY OF MARIN

DEPARTMENT OF
HUMAN RESOURCES
Our Mission: To create a thriving organization, providing meaningful careers in public service.

Sarah Anker
INTERIM DIRECTOR

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September 20, 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 Probation Managers Association for the term September 18, 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 Probation Managers Association (PMA) for a successor 3-year collective bargaining agreement for the term September 18, 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:

Term	September 18, 2022 – June 30, 2025
Salaries (Cost of Living Adjustment):	**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 three- and one-half percent (3.5%). **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%). **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%).
Retention and Hard to Fill Bonuses:	1. **Hard to Fill Bonus**: When Human Resources deems a position "hard to fill", after notification to PMA, 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**: In recognition of years of service to the County, all regular hire employees on the books upon ratification of this Agreement, will receive a one-time, non-pensionable, $1,000 retention bonus within 3 pay periods from the date of ratification or the first full pay period following approval by the Board of Supervisors, whichever is later. All regular hire employees, who are on the books on July 1, 2023, will receive a one-time $1,000 bonus in the first paycheck in August 2023 in recognition of years of service to the County. Part time employees shall receive a prorated amount based on their FTE.

Equity: Effective the pay period following adoption of the Agreement, the rate of pay for the classifications listed below shall be increased as follows:

Director of Probation Services	3.22% (Year 1)
Probation Supervisor	5.00% (Year 1) & 1.49% (Year 2)

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:

Employee +1 Dependent	Employee + Family
$677.66	$908.74

Effective in 2022, in the pay period in which health insurance rates are normally adjusted, the County will provide an increase to the flat dollar contribution amount by an amount equivalent to zero percent (0%) – six percent (6%) (based on the premium increase to the Kaiser Silver plan) for all benefited employees at the employee plus one (1) and employee plus family benefit levels.

Effective in December 2023 and December 2024, in the pay period in which there will be an increase in health insurance premiums, the County will increase the bi-weekly fringe benefit package by the same dollar amount as the Kaiser Silver plan increase, from zero to five percent (0-5%), based upon the Kaiser Silver plan for all benefited employees at the employee plus one (1) and employee plus family benefit levels.

Adjustment to County Fringe Contribution at the Employee-Only Enrollment Level in Plan Years 2023, 2024, and 2025: If the biweekly premium at the Kaiser Silver employee-only level in plan years 2023, 2024, and 2025 exceeds the County's biweekly fringe contribution at the employee-only level (i.e., $514.50 biweekly), the County will increase its biweekly fringe contribution at the employee-only level to an amount equal to 100% of the biweekly premiums for employee-only enrollment in Kaiser Silver and mandated employee only dental, vision and basic life insurance, for all represented employees who enroll in employee-only medical plans.

Misc.:

Disaster Leave:
The County will approve up to three (3) working days paid administrative leave in any twelve (12) month period when the employee's primary residence located in California is rendered uninhabitable due to fire, flood, or earthquake.

Holidays:
Employees shall receive two full day holidays (Cesar Chavez Day and Juneteenth) and will no longer receive half-day holidays on December 24 and December 31 (as were in place previously when such dates fell on weekdays, Monday through Friday).

Retirement Financial Analysis:
The County will perform a high-level financial analysis of the long-term cost of the previously negotiated retirement enhancement with Probation and the Probation Managers Association, wherein the Unions moved from miscellaneous to safety retirement. This analysis will inform future cost-sharing negotiations for the subsequent successor Agreements (2025-2029). The total cost of said analysis shall not exceed $50,000.

Settlement Intent:

In the event that County of Marin reaches a tentative agreement with another labor organization whose contract expires June 2022 or with MAPE if they agree to a contract extension in 2022, and the County provides that union a negotiated General Cost of Living Salary increases (not including class specific equity adjustments) and/or any additional non-unit specific one-time payments, which are greater than those to which the parties have agreed herein, the County agrees to provide the higher COLA* or one-time payment to PMA, unless the negotiated salary increase is part of a package proposal. In such an event, PMA can vote to accept the package or refuse the package but cannot receive the increase without the corresponding concession. *COLA increase received by the other bargaining units in 2021 will be included in the analysis of whether a unit has received a higher cumulative COLA.

In the event that County of Marin reaches a tentative agreement with another labor organization whose contract expires in June 2022 or with MAPE if they agree to a contract extension in 2022, and the County provides an increase to the fringe benefit package that is greater than the fringe benefit changes to which the parties have agreed herein, PMA

may elect to substitute the higher Fringe Benefit Package for the fiscal years of the Agreement, unless the negotiated fringe benefit increase is part of a package proposal. In such an event, PMA can vote to accept the package or refuse the package but cannot receive the increase without the corresponding concession.

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 $181,878 in FY 2022-23, $237,020 in FY 2023-24 and $106,910 in FY 2024-25. Adjusting for the one-time payments, the ongoing increase to the baseline budget is 14.70 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.

REVIEWED BY:
[X] County Administrator
[ ] Department of Finance
[ ] County Counsel
[X] Human Resources

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, Principal Management and Budget Analyst

Attachments: Addendum A: Costing Summary
Addendum B: Estimate of Actuarial Impact of the Salary/Benefit Increase

Bargaining Unit - Probation Managers

Baseline Information

Current Salary Base	$	2,099,321
Current Wage-Related (Variable) Benefits	$	762,000
Current Non Pensionable Wages	$	1,883
FTE		17
1% of Salary and Variable Fringe	$	28,632
Average Base Salary	$	123,489

Incremental Cost of MOU

		FY 2022-23		FY 2023-24		FY 2024-25
Regular Hire COLA*		66,992		122,123		91,570
		3.5%		*3.0%*		*3.0%*
Equity Adjustments		81,347		83,287		
Health Benefits						
Allowance increase		16,539		14,610		15,340
Other						
One-Time Retention		17,000		17,000		
Total Incremental Cost	**$**	**181,878**	**$**	**237,020**	**$**	**106,910**
				Total Cumulative Cost	**$**	**525,808**
Incremental increase as % of salary & variable fringe		6.14%		7.77%		3.40%
Total cumulative ongoing change		*5.06%*		*11.61%*		*14.70%*

** Includes proration for partial year*

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MCERA.org

September 9, 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 the Probation Managers Association

Background

On August 19, 2022, the Marin County Employees' Retirement Association (MCERA) was notified that the County of Marin has negotiated cost of living increases with employees represented by the Probation Managers Association (PMA) that would exceed the salary growth assumption (3.0%) set by the Board of Retirement and used by the actuary to calculate the annual required contributions. Also, salary equity adjustments were being provided to all members in the PMA in addition to the cost of living increases. 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 9, 2022

Mr. Jeff Wickman
Retirement Administrator
Marin County Employees' Retirement Association
One McInnis Parkway, Suite 100
San Rafael, California 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 Probation Managers' Association (PMA).

The County indicated that effective July 2022, all PMA members will receive a 3.5% base salary adjustment, all Directors of Probation Services will receive an additional equity adjustment of 3.22% in July 2022, and all Probation Supervisors will receive an additional equity adjustment of 5.00% in July 2022 and 1.49% in July 2023. Base salaries are expected to increase by 3.0% in July 2023 and July 2024. The salary adjustments effective July 2022 exceed MCERA's 3.0% wage growth assumption by an average of 5.0% for all PMA members.

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 $810,000. 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 0.04%, from 106.79% to 106.75%.

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.

Marin County Employees' Retirement Association Probation Managers' Association			
Fiscal Year Ending	Increase in Employer Normal Cost	Increase in UAL Payment	Increase in Employer Cost
June 30, 2023	$ 9,500	$ 13,300	$ 22,800
June 30, 2024	13,400	27,300	40,700
June 30, 2025	13,300	42,200	55,500
June 30, 2026	13,000	57,700	70,700
June 30, 2027	13,000	74,200	87,200

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 August 19, 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 15 active employees (one of whom has multiple records).

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

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, MAAA, FCA
Consulting Actuary

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

cc: Bill Hallmark, ASA, EA, MAAA, FCA