

MOU with Employees Association

March 2022



Overview of MOU

- 5-year agreement
- Economic conditions reopener
- Market pay adjustments
- Cost of Living Adjustments
- Improving health benefits
- Reducing leave time liabilities
- Providing competitive retirement benefits

Budget Impact

- Updated net cost based on latest agreement is approximately \$178,000 per year
- This is about 1.7% of total payroll costs
- Some cost savings will grow substantially over time:
 - Reduce PTO cap by 40%
 - Medical cash-in-lieu of \$150 for new employees compared to up to \$904/\$1,444
 - Continue to have Classic employees pay part of employer costs of PERS

Economic Conditions Reopener

- If the aggregate of the major revenues that fund SACOG staff positions drops by 10% in any given fiscal year, we will negotiate on changing the Cost of Living Adjustment

Market Pay Adjustments

- Most positions were under-market in 2020 compensation study
- Modeling employees will receive 11.1% increase
- All non-management employees will receive 3.0% increase

Cost of Living Adjustments

- July 1, 2022: 5% (actual CPI is 6.5%)
- July 1, 2023: 0-5% based on CA CPI
- July 1, 2024: 0-4% based on CA CPI
- July 1, 2025: 0-4% based on CA CPI
- July 1, 2026: 0-4% based on CA CPI

Improving Health Benefits

- Move to 100% of Kaiser 2-Party Rate (\$32/mo. increase)
- Reduce cash-in-lieu of benefits by \$350/mo.
- One-time payment of \$4,200 to those cash-in-lieu to offset the first year of reduction
- New employees only eligible for \$150/mo. cash-in-lieu. No cash out for partially covered new employees

Reduce Leave Time Liabilities

- Lower annual PTO cap from 592 to 350 hours
- Allow employees to cash out a portion of hours above cap, move rest to a 401(a)
- Eliminate PTO usage requirement formula
- Cap PTO accrual at 550 hours for one year; 450 hours effective July 1, 2023
- End community service leave

Provide Competitive Retirement Benefits

- Continue existing cost share for CalPERS – if Employer rate goes up for Tier I and II, employees pick up 50% of increase up to 1%
- 1% of salary for non-management PEPRAs employees to a 401(a)

Next Steps

- **Recommended to Board to Approve MOU**
- **Executive Director signs final MOU**
- **July 1: MOU takes effect**
- **January 2023: benefit changes take effect**