



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 3/26/2018

Agenda Placement: 7C

Napa County Legislative Subcommittee Board Agenda Letter

TO: Napa County Legislative Subcommittee

FROM: Helene Franchi for Minh Tran - County Executive Officer
County Executive Office

REPORT BY: Molly Rattigan, Deputy County Executive Officer - 253-4112

SUBJECT: AB 2310 (Aguiar-Curry) Public Employee Retirement System

RECOMMENDATION

County Executive Officer seeks discussion and possible action on AB 2310 (Aguiar-Curry), a bill that makes clarifying changes to Government Code Section 20516 to allow Napa County and other impacted jurisdictions to amend a CalPERS contract by referring to the terms in a signed and executed memorandum of understanding with an employee bargaining group.

EXECUTIVE SUMMARY

AB 2310 has been authored and introduced in the Legislature to reduce an administrative burden currently faced specifically by Napa County. AB 2310 makes clarifying changes to Government Code Section 20516. In addition to the collective bargaining agreement, this bill will also refer to a memorandum of understanding, which is agreed upon by the employee bargaining unit and the governing body of the contracting agency. These agreements will serve as an alternative to specifying the exact percentages of member contributions to specify the approach for calculating the employee cost-sharing rate. This bill will also make clear that once a contracting agency elects to be subject to a cost-sharing provision, CalPERS contract amendments are not required to accomplish what is agreed upon in a collective bargaining agreement or memoranda of understanding, agreed upon by the employee bargaining unit and the governing body of a contracting agency.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Napa County has agreements with both of its bargaining groups, the Deputy Sheriff's Association (DSA) and the Public Service Employees (PSE) Unit to share equally the annual increases or decreases in CalPERS required contributions between the County and the employees. Each Memoranda of Understanding (MOU) is slightly different in terms of how the formula works, but each has an agreed upon method in the contract language that describes how the cost sharing occurs. Each year once the County receives its CalPERS actuarial reports, staff calculates the share, and provides that information to the bargaining groups. The Director of Human Resources signs a side letter listing the specific amount of contribution the employees will pay for that Fiscal Year. The agreements are entered into by the parties through the bargaining process, and are voted on by the membership of the union before being ratified. They are legally binding documents for the County and its unions.

CalPERS requires that once the employee starts paying a portion of the "employer" contribution, as defined by CalPERS rules (referred to as cost sharing), this amount must be listed in the CalPERS contract. In order to make an amendment to the CalPERS contract there is a 4-6 month process which includes three Board of Supervisors actions, and an election of the impacted employees. This is an administratively cumbersome process, not to mention a confusing one for the employees. If an employee group were to vote no on the CalPERS amendment, the County would be in a situation where it would either be out of compliance with the agreement or out of compliance with the CalPERS contract, both legally binding documents.

County staff began meeting with CalPERS in July 2017 to seek a resolution to this cumbersome process. Napa County has requested that CalPERS honor the County's agreements with a side letter stating the employee contribution percentage, and either allow a contract amendment based upon those documents without an employee election, or allow the CalPERS contract to refer to the agreement, so it would not need to be amended each year. It has been determined that a legislative fix is necessary to create a streamlined process for Napa County. Assemblymember Aguiar-Curry has indicated a willingness to work with Napa County and CalPERS to pursue this legislative fix.

After extensive discussions with CalPERS and Assemblymember Aguiar-Curry's office to pursue this legislative fix, AB 2310 has been authored and introduced in the Legislature. AB 2310 makes clarifying changes to Government Code Section 20516. In addition to the collective bargaining agreement, this bill will also refer to a memorandum of understanding, which is agreed upon by the employee bargaining unit and the governing body of the contracting agency. These agreements will serve as an alternative to specifying the exact percentages of member contributions to specify the approach for calculating the employee cost-sharing rate. This bill will also make clear that once a contracting agency elects to be subject to a cost-sharing provision, CalPERS contract amendments are not required to accomplish what is agreed upon in a collective bargaining agreement or memoranda of understanding, agreed upon by the employee bargaining unit and the governing body of a contracting agency.

SUPPORTING DOCUMENTS

A . AB 2310 Text

Recommendation: Approve

Reviewed By: Molly Rattigan