



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 26-710

August 11, 2026

Introduced: 7/31/2026

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

Approve, adopt, and authorize the Human Resources Department to execute the side letter agreements with impacted labor groups to amend the Longevity Pay provision in the respective Memoranda of Understanding (MOU) and remove the requirement of the Longevity Pay Certification Form retroactively pursuant to CalPERS' audit requirements.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Approve, adopt, and authorize the Human Resources Department to execute the side letter agreements with impacted labor groups to amend the Longevity Pay provision in the respective Memoranda of Understanding (MOU) and remove the requirement of the Longevity Pay Certification Form retroactively pursuant to CalPERS' audit requirements.

SUMMARY:

In July 2025, CalPERS audited the County's longevity pay practices for the period of July 1, 2021, through December 31, 2024, and found the County was not in compliance with the Public Employees' Retirement Law (PERL). The audit determined that requiring employees to submit a Longevity Pay Certification Form made longevity pay non-pensionable. To correct this, the County needs to remove the certification form requirement from the applicable Memoranda of Understanding (MOUs), bringing the County into compliance with CalPERS requirements and preserving the pensionable status of longevity pay for those units.

Side letter agreements have been reached for all affected bargaining units except the Monterey County Deputy Sheriffs' Association (Units A & B), which remains in negotiations. Approval of the existing side letter agreements will allow the County to satisfy the CalPERS audit requirements while discussions with the remaining unit continue.

DISCUSSION:

In July 2025, CalPERS conducted a statewide audit of longevity pay practices covering July 1, 2021 through December 31, 2024, and found all 20 agencies reviewed, including the County of Monterey, out of compliance with the Public Employees' Retirement Law (PERL). CalPERS determined that the County's requirement for employees to submit a Longevity Pay Certification Form made the longevity pay provision non-pensionable during the audit period.

To resolve the issue, the County must retroactively amend the applicable MOUs through side letter agreements to remove the certification form requirement, consistent with the CalPERS Audit Compliance & Resolution Unit stipulated requirements. The MOU updates executed via the side letter agreements brings the County into compliance with PERL and minimizes payroll impacts.

Longevity Pay provisions were first adopted at various points in time across bargaining unit MOUs. The Longevity Pay provision of the MOU side letter agreements for the following bargaining units have been amended, retroactively based on their respective MOU terms as of July 1, 2021, or when Longevity Pay provisions were actually incorporated in the respective MOUs if later, to reach compliance with the PERL and preserve the PERSability of the Longevity Pay: Monterey County Sheriff's Management Association (Unit C); County of Monterey Patrol Association (AOS & BOSS); California Nurses Association (Units S & SPD); Monterey County Probation Managers' Association (Unit L); Monterey County Public Defenders' Association (Unit D); Monterey County Prosecutors' Association (Unit E); Service Employees International Union Local 521 (Units F, H, J, K & R); Monterey County Counsel Association (Unit G); Monterey County Probation Association (Units M & N); Monterey County Park Rangers' Association (Units Q & V); and the County Employee Management Association (Unit X).

The County continues to meet and confer with one remaining impacted labro group: The recommended action is to approve the side letter agreements for the applicable bargaining units to complete the County's compliance with the CalPERS audit findings.

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:

The Human Resources Department conferred with the County Administrative Office, the Office of the County Counsel, the Auditor Controller's Office, and CalPERS regarding this matter.

FINANCING:

The corresponding departments shall absorb the annualized cost of this agreement on FY 2020-21 through FY 2025-26. If needed, the department will request additional funding during the budget process in FY 2026-27.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

Approval of these side letters promotes the boards Dynamic and Organization and Employer of Choice strategic plan goal by enforcing our commitment to our workforce's future.

Mark a check to the related Board of Supervisors Strategic Plan Goals

- ☐ Well-Being and Quality of Life
- ☐ Sustainable Infrastructure for the Present and Future
- ☐ Safe and Resilient Communities
- ☐ Diverse and Thriving Economy

☐ Dynamic Organization and Employer of Choice

If does not fall under any of the above Board of Supervisors Strategic Plan Goals (Other):

☒ Administrative: The approval of these side letters by the Board of Supervisors will support the agreement of Monterey County and the Unions.

Link to the Strategic Plan:

<https://www.countyofmonterey.gov/home/showdocument?id=139569>

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Approved by: Andreas Pyper, Director of Human Resources, (831) 755-5034

Attachments:

Board Report

Attachment A - Monterey County Probation Managers' Association (Unit L) Side Letter;

Attachment B- Monterey County Public Defenders' Association (Unit D) Side Letter;

Attachment C- Monterey County Prosecutors' Association (Unit E) Side Letter;

Attachment D- Service Employees International Union Local 521 (Units F, H, J, K & R) Side Letter;

Attachment E- Monterey County Counsel Association (Unit G) Side Letter;

Attachment F- Monterey County Probation Association (Units M & N) Side Letter;

Attachment G- Monterey County Park Rangers' Association (Units Q & V) Side Letter;

Attachment H- County Employee Management Association (Unit X) Side Letter;

Attachment I- County of Monterey Patrol Association (AOS & BOSS) Side Letter;

Attachment J- California Nurses Association (Units S & SPD) Side Letter; and the

Attachment K- Monterey County Sheriff's Management Association (Unit C) Side Letter;