



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HUMAN RESOURCES

Board Meeting Date: 12/12/2023

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Rocio Kiryczun, Human Resources Director  
Michelle Kuka, Deputy Director, Human Resources

**Subject:** Successor agreement to the Memorandum of Understanding with the Law Enforcement Unit (LEU)

**RECOMMENDATION:**

Adopt a resolution approving the Tentative Agreement establishing the terms and conditions of a successor agreement to the Memorandum of Understanding with the Law Enforcement Unit, for the term of December 24, 2023, through December 18, 2027.

**BACKGROUND:**

The current Memorandum of Understanding (MOU) with the Law Enforcement Unit (LEU) will expire on December 24, 2023, and the County has concluded negotiations with LEU. The County and LEU have met and conferred in good faith and agreed to the terms as described in the Tentative Agreement. The membership has ratified the County's offer set forth in the Tentative Agreement.

**DISCUSSION:**

This agreement covers all of the staff in classifications represented by LEU. The following is a high-level summary of the major changes but, is not a substitute for the attached successor MOU and the detailed terms contained therein.

**Term**

December 24, 2023, through December 18, 2027

**Salary Adjustment**

Classifications in this bargaining unit will receive salary increases as follows: 3 percent effective the pay period in which this Board of Supervisors approves this successor MOU in 2023, 3 percent effective December 8, 2024, 4 percent effective December 7, 2025, and 4 percent effective December 6, 2026.

**Retiree Health changes**

The new agreement makes significant changes to retiree health benefits.

- 1) Effective February 18, 2024, current sick leave hours will be frozen, except that 192 hours will remain in each employee's sick leave balances and new sick leave hours will continue to be earned at 3.7 hours per pay period (96.2 hours per year) with a cap of 720 hours.
- 2) Retiree Health Benefits will be based on hire date and years of service at time of retirement.
  - a. Employees hired before the transition date with **less than ten years of service at the time of retirement** will have frozen sick leave hours plus any of the unused 192 hours of old sick leave at time of retirement deposited into the employee's Peace Officers Research Association of California (PORAC) Retiree Medical Trust at a rate of \$440 or \$400 for each 8 hours of sick leave, depending on the employee's time with the County.
  - b. Employees hired before the transition date with **between ten and fifteen years of service at the time of retirement** to age 65 will receive a County contribution up to \$500 per month for purchase of medical, dental and vision through the County health plans. When the retiree reaches the age of 65, the County contribution will cease. In addition, 50 percent of frozen sick leave hours plus any of the unused 192 hours of old sick leave at time of retirement will be deposited into the employee's Retiree Health Reimbursement Arrangement (RHRA) at the employee's base hourly rate of pay at time of retirement.
  - c. Employees hired before the transition date with **between fifteen and twenty years of service at the time of retirement** to age 65 will receive a County contribution up to \$891.95 per month for purchase of medical, dental and vision through the County health plans. When the retiree reaches the age of 65, the County contribution will cease. In addition, 50 percent of frozen sick leave hours plus any of the unused 192 hours of old sick leave at time of retirement will be deposited into the employee's RHRA at the employee's base hourly rate of pay at time of retirement.
  - d. Employees hired before the transition date with **between twenty and twenty-five years of service at the time of retirement** to age 65 will receive a County contribution up to \$1,189.27 per month for purchase of medical, dental and vision through the County health plans. When the retiree reaches the age of 65, the County contribution will cease. In addition, 50 percent of frozen sick leave hours plus any of the unused 192 hours of old sick leave at time of retirement will be deposited into the employee's RHRA at the employee's base hourly rate of pay at time of retirement.
  - e. Employees hired before the transition date with **twenty-five or more years of service at the time of retirement** to age 65 will receive a County contribution up to \$1,300 per month for purchase of medical, dental and vision through the County health plans. When the retiree reaches the age of 65, the County contribution will cease. In addition, 50 percent of frozen sick leave hours plus any of the unused 192 hours of old sick leave at time of retirement will be deposited into the employee's RHRA at the employee's base hourly rate of pay at time of retirement.
  - f. Employees hired before the transition date who retire with 15 or more years of service at retirement would be eligible for monthly contributions payable by the County for 10 years. After the retiree turns age 65 and becomes eligible for Medicare, the proposed benefit amounts would be \$166.22 per person in 2023. There would be no post-65 benefit paid for those with less than 15 years of service. The benefits would be payable for 10 years. For someone retiring prior to age 65, this benefit would first be

payable at age 65 and continue for 10 years (until age 75). For eligible members retiring after age 65, the benefits would be payable for 10 years after retirement.

- g. **New employees** hired after the transition date, the County will contribute \$50.00 per month to the PORAC Retiree Medical Trust and the employee will contribute \$100.00 per month to the PORAC Retiree Medical Trust.

### **Other economic changes**

Employees in an active paid status in this bargaining unit will receive a one-time, lump sum payment of two thousand dollars (\$2,000) as a ratification bonus.

Employees represented by LEU will receive three days of Winter Recess in December 2023, December 2024, December 2025 and December 2026.

The County Attorney has reviewed and approved the resolution as to form.

### **Financial Impact on County's Future Annual Costs**

Government Code 7507 requires the County to provide the estimated financial impact that proposed changes in retirement benefits or other postemployment benefits would have on the future annual costs including but not limited to the annual dollar changes, or the total dollar changes involved as well as normal cost and any change to accrued liability.

As reflected in the attached letter from Milliman, the retiree health benefit reflected in this analysis is projected to increase the actuarial present value of benefits from \$3,297,000 to \$3,775,000, which is an increase of \$478,000. The service cost represents the value of benefits earned during the year on an on-going basis and will decrease over time as new hires will only receive the \$50.00 monthly contribution toward a PORAC Retiree Medical Trust and not incur service costs.

Active existing employees covered by this MOU, will contribute 0.85 percent of salary, which will offset the increase in the actuarial present value of benefits, meaning that increased employee contributions will be equal to the change in the actuarial present value of benefits associated with the retiree health benefit.

### **Financial Impact on County's Retirement System**

Government Code Section 31515.5 requires the County to provide the estimated financial impact that proposed benefit changes or salary increases would have on the funding status of SamCERA's retirement fund, the County's retirement system. As reflected in the attached letter from SamCERA's actuary, Milliman, the proposed salary and benefit increases for the LEU employees is estimated to not increase the Unfunded Actuarial Accrued Liability (UAAL). Note that this is the impact on SamCERA funding only and it does not reflect any other cost to the County for providing these compensation features. The funded ratio, rounded to the nearest 0.01 percent, is also expected to be unchanged.

### **FISCAL IMPACT:**

The cost of the salary and other changes will result in a net increase of approximately \$386,600 for the first year of this agreement.