



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HUMAN RESOURCES

**File #:** 18-1153

Board Meeting Date: 12/18/2018

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

**To:** Honorable Board of Supervisors

**From:** Rocio Kirczun, Human Resources Director  
Nicole McKay, Employee Relations Manager

**Subject:** Successor Agreement to the Memorandum of Understanding with the Services Employees International Union (SEIU)

### **RECOMMENDATION:**

Adopt a resolution authorizing approval of the Tentative Agreement establishing the terms and conditions of a successor agreement to the Memorandum of Understanding with the Service Employees International Union for the term of October 7, 2018 through October 2, 2021.

### **BACKGROUND:**

The current MOU expired on October 6, 2018, and the County concluded negotiations with SEIU on December 1, 2018. The membership has ratified the County's offer. The County and SEIU have met and conferred in good faith and agreed to the terms as described in the Tentative Agreement.

### **DISCUSSION:**

This agreement covers all of the staff in classifications represented by SEIU. The following summarizes the major changes.

#### **Term**

October 7, 2018 through October 2, 2021, three years.

#### **Salary Adjustment**

Classifications in this bargaining unit will receive Cost of Living Adjustments (COLA) increases as follows: 3% effective the First Full Pay Period after adoption (December 30, 2018), 3% effective October 6, 2019 and between 2 and 3% based on CPI effective October 4, 2020. In addition, employees in this bargaining unit will receive equity increases of 1% at the same time as the above described salary increases.

#### **Other economic changes**

Employees in this bargaining unit will receive 1% of longevity pay after the completion of the

equivalent of five years. Additional longevity steps at 10 and 20 years will also increase by 1% and those with 25 years will receive an additional 2% over their current longevity pay. Employees represented by SEIU will begin to accrue vacation at higher increments beginning after the equivalent of five years of full time employment with incremental increases every five years through 25 years. Employees in this bargaining unit will also receive sixteen (16) hours toward a Winter Recess to be utilized during the winter holidays.

County Counsel has reviewed and approved the resolution as to form. Approval of this resolution contributes to Shared Vision 2025 of a Collaborative Community by ensuring cost-effective compensation structures for County employees.

### **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 increases for the SEIU members is greater than the actuarially assumed annual general wage increase, and the longevity increases are larger than the current longevity component of the merit increase assumption and affect SamCERA's future funded status. It is estimated that the present value of these future actuarial losses is equivalent to a reduction of 0.4% in SamCERA's Funded Ratio (currently 87.5%), if the full estimated future impact had been reflected in the 2018 valuation. It is still projected that SamCERA's Funded Ratio will increase in the future, just at a fractionally lower rate than projected in the 2018 valuation.

### **FISCAL IMPACT:**

The cost of the salary and other changes will result in a net increase of approximately \$37,200,000 over the 3-year term. The impact of the increases on the County's required payments to SamCERA will be reflected in the actuarial assumptions in SamCERA's 2020 triennial experience study and which in turn will be used to calculate the contribution rates for Fiscal Year 2021.