



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 19-031

Board Meeting Date: 1/8/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

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

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

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 Law Enforcement Unit (LEU) for the term of December 30, 2018 through December 23, 2023.

BACKGROUND:

The current MOU expired on December 29, 2018, and the County concluded negotiations with LEU on December 12, 2018. The County and LEU have met and conferred in good faith and agreed to the terms as described in the Tentative Agreement. The LEU membership has ratified the Tentative Agreement.

DISCUSSION:

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

Term

December 30, 2018 through December 23, 2023, five 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 (January 13, 2019), 3% effective December 15, 2019, between 2 and 3% based on CPI effective December 13, 2020, and between 2 and 4% based on CPI effective December 12, 2021 and December 11, 2022. In addition, employees in this bargaining unit will receive equity increases of 1% January 13, 2019, December 15, 2019 and December 13, 2020.

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 LEU 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 LEU 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 0.01% 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 employees will result in a net increase of approximately \$4 million over the 5-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.