



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 19-060

Board Meeting Date: 1/29/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

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

Subject: Resolutions Establishing Salaries and Benefits for the Unrepresented Management, and Attorney and Confidential Units

RECOMMENDATION:

Adopt three resolutions establishing Salaries and Benefits for the Unrepresented Management Unit, the Unrepresented Attorney's Unit, and the Unrepresented Confidential Unit, for the term of January 27, 2019 through December 12, 2021.

BACKGROUND:

The County concluded negotiations with the Service Employees International Union Local 521 (SEIU) and the Law Enforcement Unit (LEU) for Regular Employees, which resulted in recommended salary increases and other economic and non-economic changes for those represented employees. The Memoranda of Understanding for SEIU and LEU have been presented to and adopted by the Board of Supervisors. Traditionally, the Board considers a similar wage and benefit package for unrepresented Management, Attorney, and Confidential classifications after negotiations with bargaining units.

DISCUSSION:

The County traditionally adopts resolutions that establish salaries and benefits for the unrepresented employees after negotiations with bargaining units.

These recommendations are in alignment with the County's negotiations goals and strategies, which include fiscal sustainability, equity, consistency with other bargaining units, and competitiveness with the Bay Area workforce market.

The recommended resolutions have the following major elements:

Term

January 27, 2019 through December 12, 2021, three years.

Salary Adjustment

Salaries for those classifications within these resolutions will receive Cost of Living Adjustments (COLA) increases as follows: 3% effective the January 27, 2019, 3% effective December 15, 2019 and between 2 and 3% based on CPI effective December 12, 2020. In addition, employees in positions covered by these resolutions will receive equity increases of 1% at the same time as the above described salary increases.

Other economic changes

Similar to recent negotiated agreements, employees in positions covered by these resolutions will receive 1% of longevity pay after the completion of the equivalent of five years, 2.5% after the completion of the equivalent of ten years, 4% after the equivalent of twenty years and those with 25 years of service shall receive 6% longevity pay. This longevity pay will be phased in over the life of the resolutions as set forth in each resolution. In addition, employees covered by these resolutions 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 covered by these resolutions will also receive sixteen (16) hours toward a Winter Recess to be utilized during the winter holidays.

County Counsel has reviewed and approved the resolutions as to form. Approval of these resolutions 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 Management, Attorney, and Confidential employees is greater than the actuarially assumed annual general wage increase, and the new, comparable longevity benefits are larger than 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 0.6% 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 \$41,400,000 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.