



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 19-179

Board Meeting Date: 2/26/2019

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 American Federation of State, County and Municipal Employees (AFSCME)

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 American Federation of State, County and Municipal Employees (AFSCME) for the term of October 7, 2018 through October 2, 2021.

BACKGROUND:

The current MOU expired on October 6, 2018, and the County and AFSCME met and conferred in good faith and agreed to the terms as described in the Tentative Agreement on February 8, 2019. The membership has since ratified the County's offer and the Tentative Agreement.

DISCUSSION:

This agreement covers staff in classifications represented by AFSCME in the following Representation Units:

- (1) Communication Dispatchers
- (2) Health Services Unit
- (4) Inspection and Regulation Unit
- (5) Institutional Services Unit
- (6) Licensed Vocational Nurse Unit
- (7) Parks Unit
- (8) Planning Unit
- (9) Plant and Equipment Maintenance Unit
- (10) Clinical Laboratory Scientist Unit
- (11) Telecommunications Unit

AFSCME's representative has informed the County that the Human Services Unit did not ratify the

Tentative Agreement. AFSCME's representative has instructed the County to proceed with its ratification of the agreement for all of the Representation Units except the Human Services Unit. As a result, this Memorandum of Understanding will not apply to the Human Services Unit or classifications within the Human Services Unit.

The following summarizes the major changes.

Term

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

Salary Adjustment

Classifications in the covered representation units will receive Cost of Living Adjustments (COLA) increases as follows: 4% effective February 24, 2019, 2% effective October 6, 2019, and 3% effective October 4, 2020. In addition, employees in the covered representation units will receive equity increases of 1% effective February 24, 2019, 2% effective October 6, 2019.

Other economic changes

Employees in covered representation units will receive 1% longevity pay after completion of the equivalent of five years of service. Existing longevity steps at 10 and 20 years of service will increase by 1% and 25 years of service will increase by 2%. Specified classifications received additional equity increases and other specialty pays based on market conditions as detailed in the Tentative Agreement.

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 AFSCME 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 0.2% 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 \$27,775,000 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.