



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 19-254

Board Meeting Date: 3/26/2019

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) for the Human Services Unit

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 Human Services Unit of 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 March 18, 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 Unit:

- (3) Human Services Unit

AFSCME's representative had previously 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, a Memorandum of Understanding was adopted in February 2019 relating to the other ten Representation Units of this Bargaining Unit. This new Tentative Agreement before your Board for ratification concerns only the Human Services Unit and all classifications within the Human Services Unit. However, as stated in the Tentative Agreement, once ratified by your Board, the Human Services Unit and the new terms reflected in the Tentative Agreement will be incorporated into the MOU reached between the County and AFSCME in February of this year covering the Health

Services, Inspection and Regulation, Institutional Services, Licensed Vocational Nurse, Parks, Planning, Plant and Equipment Maintenance, Clinical Laboratory Scientist, Communications, and Telecommunications Units.

The following summarizes the major changes for the Human Services Unit from the previous MOU which expired in October of 2018.

Term

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

Salary Adjustment

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

Other economic changes

Employees in the Human Services Unit 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 Human Services Unit 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 \$32,600,000 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.