



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HUMAN RESOURCES

**File #:** 19-356

Board Meeting Date: 4/23/2019

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

**To:** Honorable Board of Supervisors

**From:** Rocio Kiryczun, Human Resources Director  
Michelle Kuka, Employee Relations Manager

**Subject:** Successor Agreement to the Memorandum of Understanding with the Building and Construction Trades Council (BCTC)

### **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 Building and Construction Trades Council (BCTC) for the term of February 10, 2019 through February 3, 2024.

### **BACKGROUND:**

The current MOU expired on February 9, 2019. The County and BCTC met and conferred in good faith and agreed to the terms as described in the Tentative Agreement on April 5, 2019. BCTC's membership has since ratified the County's offer and the Tentative Agreement.

### **DISCUSSION:**

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

#### **Term**

February 10, 2019 through February 3, 2024, five years.

#### **Salary Adjustment**

Classifications in this bargaining unit will receive Cost of Living Adjustment (COLA) increases as follows: 3% effective April 21, 2019, 3% effective February 9, 2020, 3% effective February 7, 2021, and between 2 and 4% based on CPI effective February 6, 2022 and February 5, 2023. In addition, employees in this bargaining unit will receive equity increases of 1% April 21, 2019, February 9, 2020 and February 7, 2021.

#### **Other economic changes**

Employees in this bargaining unit 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. In addition, employees 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 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 BCTC 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 0.02% 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 \$7,200,000 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, which in turn will be used to calculate the contribution rates for Fiscal Year 2021.