



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 19-705

Board Meeting Date: 7/9/2019

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 Probation and Detention Association (PDA)

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 Probation and Detention Association (PDA) for the term of May 20, 2019 through May 28, 2022.

BACKGROUND:

The current MOU expired on May 19, 2019. The County and PDA met and conferred in good faith and agreed to the terms as described in the Tentative Agreement on June 11, 2019. PDA'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 PDA. The following summarizes the major changes.

Term

May 20, 2019 through May 28, 2022, three years.

Salary Adjustment

Classifications in this bargaining unit will receive Cost of Living Adjustment (COLA) increases as follows: 3% effective July 14, 2019, 3% effective May 31, 2020, and 3% effective May 30, 2021. In addition, employees in this bargaining unit will receive equity increases of 1% July 14, 2019, May 31, 2020, and May 30, 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. This longevity pay will be phased in over the life of the MOU as set forth in the tentative agreement. 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 PDA 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 0.10% 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 \$11,117,000 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, which in turn will be used to calculate the contribution rates for Fiscal Year 2021.