



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 20-928

Board Meeting Date: 12/8/2020

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Rocio Kiryczun, Human Resources Director
Subject: Recommended Revision to the Master Salary Resolution

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the Master Salary Resolution to revise Section 5: Special Compensation - Miscellaneous providing contributions to a defined contribution benefit plan for County Manager, Senior Management, Senior Attorneys and Hard-to-Fill Management positions in Retirement Plan 7.

BACKGROUND:

On July 21, 2020, your Board adopted Master Salary Resolution 077624 which specifies the number of and providing compensation and benefits for persons employed by the County of San Mateo, sets appropriate rules and regulations and repeals all inconsistent ordinances and resolutions. Throughout the year, the salary resolution is amended from time to time to meet the needs of the County.

This amendment would provide an employer contribution to a defined contribution plan of 6% for the County Manager and 3% for senior management, senior level attorneys and hard-to fill management positions that are in Public Employees Pension Reform Act (PEPRA) Retirement Plan 7. It is being recommended to expand recruitment and retention efforts,

Defined contribution plans tend to cost employers significantly less in the long run because the amount the employer contributes goes directly into the account immediately and there is no increasing pension formula or unfunded liability increases.

Effective January 1, 2013, PEPRA limited pension benefits to new members by placing a maximum cap on the amount of compensation that would be used for determining an employee's pension. The pensionable compensation cap in 2020 is \$126,291 for social security payors and \$151,549 for non-social security payors. When contributing to the San Mateo County Employees' Retirement Association's (SamCERA) defined benefit plan, the County contributes an amount based on a percentage of the employee's annual pensionable compensation. For post-PEPRA employees that make more than the pensionable compensation cap, the County does not contribute on amounts

earned above the cap.

The PEPRA compensation cap impacts higher paid managers, attorneys and doctors more than other employees.

DISCUSSION:

Action: Amend Section 5: Special Compensation - Miscellaneous of the Master Salary Resolution to include an employer contribution to deferred compensation plan of 6% for the County Manager and 3% for Senior Management, Senior Attorneys and Hard -To-Fill Management positions in Retirement Plan 7

Effective December 27,2020, any employee in County Manager, Senior Management Level (Department Head, Deputy Director, Assistant Director, Division Director, Chief Deputy, Assistant Deputy District Attorney/County Counsel) or Senior Attorney Level (Deputy County Counsel Attorney III/IV, Deputy District Attorney III/IV and Child Support Attorney III/IV) positions who meet SamCERA's definition of a new member under the Public Employees' Pension Reform Act (PEPRA), shall receive an employer paid contribution to their Deferred Compensation Plan. The County Manager shall receive an employer paid contribution in the amount equivalent to six percent (6%) of the employee's base salary and all other positions shall receive three percent (3%) of the employee's base salary. The contribution shall be deposited each pay period to a 401(a) Plan. The percentage of base pay contribution rate is intended as a guideline for the contribution and does not guarantee a specific amount of contribution. All contributions must be subject to applicable limitations imposed by State and Federal law, including limitations on the amount of employer contributions, as set forth under PEPRA and Internal Revenue Codes. As stated in PEPRA, employees eligible for employer contributions towards deferred compensation do not have a vested right to continue to receive such contributions.

The above benefit can be extended to newly hired employees in Hard-to-Fill management positions who meet SamCERA's definition of a new member under PEPRA. Hard-to-Fill management positions shall be defined by and subject to pre-approval by the Human Resources Director.

This amendment to the resolution has been reviewed and approved by the County Counsel's Office as to form.

FISCAL IMPACT:

These actions represent an estimated monthly salary and benefits cost of \$29,514 or an annual cost estimate of \$354,168. This amount may increase over time as Plan 7 members fill positions vacated by other employees.