



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 22-930

Board Meeting Date: 12/6/2022

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: Rocio Kiryczun, Human Resources Director
Michelle Kuka, Deputy Director, Human Resources

Subject: Successor agreement to the Memorandum of Understanding with the Deputy Sheriff's Association (DSA)

RECOMMENDATION:

Adopt a resolution approving the Tentative Agreement establishing the terms and conditions of a successor agreement to the Memorandum of Understanding with the Deputy Sheriff's Association for the term of January 10, 2021, through January 10, 2026.

BACKGROUND:

The current Memorandum of Understanding (MOU) with the Deputy Sheriff's Association (DSA) expired on January 9, 2021, and the County has concluded negotiations with DSA. The County and DSA have met and conferred in good faith and agreed to the terms as described in the Tentative Agreement. The membership has ratified the County's offer set forth in the Tentative Agreement.

DISCUSSION:

This agreement covers all of the staff in classifications represented by DSA. The following is a high-level summary of the major changes, but is not a substitute for the attached successor MOU and the detailed terms contained therein.

Term

January 10, 2021 through January 10, 2026

Salary Adjustment

Classifications in this bargaining unit will receive salary increases as follows: Effective the pay period in which the Board of Supervisors approves this successor MOU in 2022, salary ranges for Deputy Sheriff, Sheriff's Correctional Officer and District Attorney Inspectors will be increased by ten percent (10%). This increase includes salary increases pursuant to the 2021 and 2022 Deputy Sheriffs' surveys, and a three and three-tenths' percent (3.3%) equity adjustment. From January 2023 through January 2026, classifications in this bargaining unit will continue to receive salary increases based on an annual survey of comparators. In addition to 1% above the highest pay rate specified in the survey, the County will add an additional 3.3% equity adjustment for the 2023 and 2024 calendar years only.

Retiree Health changes

The new agreement makes significant changes to retiree health benefits.

- 1) Effective on the transition date of February 5, 2023, current sick leave hours will be frozen with the exception of 192 hours that will remain in employee's balances and new sick leave hours will continue to be earned at 3.7 hours per pay period (96.2 hours per year) with a cap of 960 hours.
- 2) Retiree Health Benefits will be based on hire date and years of service at time of retirement
 - a. Employees hired before the transition date with **less than fifteen years of service at the time of retirement** will have frozen sick leave hours plus any of the unused 192 hours of old sick leave at time of retirement deposited into the employee's retiree medical expense reimbursement plan administered by the PORAC Retiree Medical Trust ("Trust") at a rate of \$675 or \$400 per every 8 hours, depending on the employee's time with the County.
 - b. Employees hired before the transition date with **between fifteen and twenty years of service at the time of retirement** to age 65 will receive a County contribution up to \$500 per month for purchase of medical, dental and vision through the County health plans. When the retiree reaches the age of 65, the County contribution will cease. In addition, 50% of frozen sick leave hours plus any of the unused 192 hours of old sick leave at time of retirement will be deposited into the employee's Trust at the employee's base hourly rate of pay at time of retirement.
 - c. Employees hired before the transition date with **twenty or more years of service at the time of retirement** to age 65 will receive a County contribution up to \$1000 per month for purchase of medical, dental and vision through the County health plans. When the retiree reaches the age of 65, the County contribution will cease. In addition, 50% of frozen sick leave hours plus any of the unused 192 hours of old sick leave at time of retirement will be deposited into the employee's Trust at the employee's base hourly rate of pay at time of retirement.
 - d. **New employees** hired after the transition date, the County will contribute \$50.00 per month to a Trust and the employee will contribute \$100.00 per month to a Trust.
- 3) At separation from County service fifty percent (50%) of the employee's earned and unused Vacation balances will be cashed out and deposited into the employee's Trust.

Other economic changes

Employees in an active paid status in this bargaining unit will receive a one-time, lump sum payment of two thousand dollars (\$2,000) as a ratification bonus.

Employees represented by DSA 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 represented by DSA will begin receiving two percent (2%) longevity pay once they begin their eighth year of employment.

Employees in this bargaining unit will also receive an increase in on-call pay to \$5.40 per hour and an increased uniform allowance.

The County Attorney has reviewed and approved the resolution as to form.

Financial Impact on County's Future Annual Costs

Government Code 7507 requires the County to provide the estimated financial impact that proposed changes in retirement benefits or other postemployment benefits would have on the future annual costs including but not limited to the annual dollar changes, or the total dollar changes involved as well as normal cost and any change to accrued liability.

As reflected in the attached letter from the County's actuary, Milliman, if we combine the Deputy Sheriff's Association and Organization of Sheriff's Sergeants bargaining units, the retiree health benefit reflected in this analysis is projected to increase the actuarial present value of benefits from \$46,630,000 to \$61,990,000, which is an increase of \$15,360,000. The service cost represents the value of benefits earned during the year on an on-going basis and will decrease over time as new hires will only receive the \$50.00 monthly contribution toward a Trust and not incur service costs.

Active existing employees covered by this MOU, would contribute 2.8% of salary which would offset the increase in the actuarial present value of employee contributions such that it would be equal to the change in the actuarial present value of benefits associated with the retiree health benefit.

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 and benefit increases for the DSA employees is estimated to be an increase in the Unfunded Actuarial Accrued Liability (UAAL) of \$322,000. Note that this is the impact on SamCERA funding only, so it does not reflect the cost to the County of providing the lump-sum payments. While the UAAL of SamCERA will be higher by this amount, the funded ratio, rounded to the nearest 0.01%, will be unchanged.

FISCAL IMPACT:

The cost of the salary and other changes will result in a first year net increase of approximately \$11,600,000.