



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Human Resources Department



DATE: July 11, 2011
BOARD MEETING DATE: July 26, 2011
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Donna Vaillancourt, Human Resources Director
Nicole McKay, Employee Relations Manager

SUBJECT: Addendum to Memorandum of Understanding with Building Construction and Trades Council (BCTC) Operating Engineers Local 3 (OE3)

RECOMMENDATION:

Adopt a Resolution adopting the Addendum to the 2009-2013 Memorandum of Understanding with the Building Construction and Trades Council (BCTC) Operating Engineers Local 3 (OE3) for the provision of benefits, retirement and retiree health for the term of November 1, 2009 through November 2, 2013.

BACKGROUND/DISCUSSION:

The current MOU, negotiated in 2009-2010, contains agreements for reopening the agreement in specific areas each year. This addendum, which will achieve ongoing structural changes in health benefits, retirement and retiree health, will satisfy both the 2010 and 2011 reopener clauses in the MOU and it has been ratified by BCTC membership. This addendum will contribute long-term savings toward eliminating the County's \$100+ million structural deficit. BCTC represents one and one-half percent of County employees in bargaining units. The following summarizes the major elements in the Addendum.

Health Benefits

Effective April 1, 2011, the health premium cost sharing ratio decreased from 90% to 85% County paid for the HMO plans and from 80% to 75% County paid for the Point of Service (POS) plan. The OE3 cost sharing ratio also decreased from an average of 85% to 90%.

Effective May 1, 2011, all three medical plans had increases in co-pays.

Effective April 4, 2011 and January 1, 2012, each BCTC employee will receive a \$200 credit to their flexible health care spending account.

Retirement

New employees hired on or after August 7, 2011 will be offered two retirement tiers; 1.7255% @ 58, or a non-contributory plan. The current plan of 2% @ 55.5 will be closed to new employees hired on or after the effective date of the new plan, however, will remain available for an employee to purchase after the completion of ten years of service if the employee elects to pay all costs retroactive to their date of hire.

Employees hired after August 7, 2011 will pay fifty percent of the retirement cost of living adjustment (COLA).

An actuarial report describing the changes (reductions) in retirement costs was presented to your Board on July 12, 2011.

Retiree Health

Employees hired on or after July 10, 2011 will receive a fixed amount per pay period paid into a Retiree Health Savings Account and a defined benefit per eight hours of accrued sick leave to utilize for retiree healthcare premiums at a combined amount not to exceed the equivalent of \$400 per eight hours.

County Counsel has reviewed and approved the Resolution as to form. Approval of this Memorandum of Understanding contributes to Shared Vision 2025 of a Prosperous Community by ensuring cost-effective compensation structures for County employees.

FISCAL IMPACT:

During the four-year term of this agreement, the County will realize savings of approximately \$205,000. The ongoing structural savings will be approximately \$115,000 per year. Retirement savings are estimated to be more than \$277,000 (cumulative) by year ten.

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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RESOLUTION ADOPTING THE ADDENDUM TO THE MEMORANDUM OF UNDERSTANDING WITH THE BUILDING CONSTRUCTION AND TRADES COUNCIL (BCTC) OPERATING ENGINEERS LOCAL 3 (OE3) FOR THE PROVISION OF SALARY AND BENEFITS FOR THE TERM OF NOVEMBER 1, 2009 THROUGH NOVEMBER 2, 2013

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, here has been presented to the Board for its consideration and ratification an Addendum to the Memorandum of Understanding with Building Construction and Trades Council (BCTC) Operating Engineers Local 3 (OE3), reference to which is hereby made for further particulars, which provides for salary and benefits for the period commencing November 1, 2009, and ending November 2, 2013, and

WHEREAS, this Board has examined and approved the Addendum to the Memorandum of Understanding as to both form and content and desires to ratify and adopt the same;

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board of Supervisors hereby ratifies and adopts said Addendum to the Memorandum of Understanding and approves the schedules of compensation and benefits set forth therein.

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**November 1, 2009 – November 2, 2013 Memorandum Addendum
San Mateo County Building Construction and Trades Council
2010-2011 Re-opener**

The County of San Mateo and the Building Construction and Trades Council (OE3) agree to the following:

This agreement resolves the 2010 and 2011 re-openers. There shall be no further re-openers until August 2012.

1) Benefits

Employees to participate at a greater level in the cost of medical plans.

For County Plans:

- For HMO plans, the county's premium cost share will be 85% effective 4/1/11.
- For POS plans, the county's premium cost share will be 75% effective 4/1/11.

For OE3 Plans:

- For all OE3 plans, the county's premium cost share will be 90% effective 4/1/11.
- County will conduct an open enrollment for OE3 employees only effective 4/1/11 (or as soon as administratively possible)

2) Retirement

New Retirement Plans:

For new employees hired on or after August 7, 2011, upon the adoption of a resolution making Government Code section 31676.1 effective, the retirement benefit options shall be:

Current Plan 3: Non-contributory plan. A member who elects Plan 3 has the option to transfer to Plan 5 after providing the equivalent of five years of service (10,400 hours) to the County that option is for future Plan 5 service only. After providing the equivalent of ten years of service (20,800 hours) to the County, employees may elect to transfer to Plan 4 by entering into an agreement with the San Mateo County Employees' Retirement Association (SamCERA) to pay all of the incremental employee and employer contributions that would have been required if the employee had been in Plan 4 since the date of employment, plus interest.

Plan 5: 1.725% @ 58 with no cost share

Current Plan 4: 2% @ 55.5 (as described above) is closed to new employees hired on or after the effective date of the commencement of Plan 5. However, employees may transfer into Plan 4 after providing the equivalent of ten years (20,800 hours) of service in Plan 5, and entering into an agreement with the San Mateo County Employees' Retirement Association to pay all of the employee and employer contributions that would have been required if the employee had been in Plan 4 since the date of employment, plus interest.

Retirement COLA:

Employees hired after August 7, 2011 will pay 50% of the Retirement COLA cost as determined by SamCERA.

3) Retiree Health

Employees hired on or after January 10, 2011 will receive one of the following options:

- For each 8 hours of unused sick leave at time of retirement, the County shall pay for one (1) month's premium for health coverage or for dental coverage for the employee and eligible dependents (if such dependents are enrolled in the plan at the time of retirement) provided that the County shall not be obligated to contribute in excess of a dollar amount

per month for the retired employee to continue health or dental coverage, that, when combined with the County's cost of a per pay period contribution into a Retiree Health Savings Account on behalf of the employee, is at an amount equivalent or not exceed the value of \$400.

OR

- If agreed to after further exploration, a cost neutral alternative using the OE3 VEBA Plan

4) Severance Pay

In the event that an employee's position is abolished and the employee is unable to displace another County employee as provided in Section 13, the employee shall receive of one week of pay for each full year (2080 hours) of regular service to the County, up to a maximum of ten (10) weeks of pay and fifty percent (50%) of the cash value of the employee's unused sick leave; provided, however, that the employee shall be eligible for payment only if the employee remains in the service of the County until his/her services are no longer required by the department head. The County shall make every effort to secure comparable employment for the displaced employee in other agencies, and if such employment is secured, the employee will not be entitled to the aforementioned payment which will be paid after the employee's County employment ends.

The County will pay the County share of premium for six (6) months of medical coverage only for employees who are laid off. This coverage is contingent on the following conditions:

1. The employee has not refused a County job offer.
2. The employee is unemployed.
3. The employee continues to pay their share of the premium.

Bereavement Leave

The County will provide up to two days of paid bereavement leave upon the death of an employee's parent, spouse, domestic partner, child, or step-child.

Temporary Offset:

Flexible Spending Account (FSA) "debit card" with a value of \$200 issued to each employee as soon as feasible after agreement is ratified and an additional \$200 FSA card issued 1/1/12.

Dated _____

For the County of San Mateo

For BCTC
