

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Human Resources	(2) MEETING DATE 12/16/2014	(3) CONTACT/PHONE Tami Douglas-Schatz, Human Resources Director 781-5959	
(4) SUBJECT Hearing to consider a proposed ordinance amending Section 2.48.095 of the County Ordinance Code regarding compensation increases for the Board of Supervisors. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board consider the attached Ordinance amending Section 2.48.095 of the County Ordinance Code and provide direction to staff regarding compensation increases for the Board of Supervisors.			
(6) FUNDING SOURCE(S) FC 100 - Board of Supervisors' budget	(7) CURRENT YEAR FINANCIAL IMPACT \$11,013.00	(8) ANNUAL FINANCIAL IMPACT \$31,815.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>20 min</u>) <input type="checkbox"/> Board Business (Time Est. <u> </u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input checked="" type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>12-09-2014</u> , <u>Item 1</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Tami Douglas-Schatz, Human Resources Director
781-5959

DATE: 12/16/2014

SUBJECT: Hearing to consider a proposed ordinance amending Section 2.48.095 of the County Ordinance Code regarding compensation increases for the Board of Supervisors. All Districts.

RECOMMENDATION

It is recommended that the Board consider the attached Ordinance amending Section 2.48.095 of the County Ordinance Code and provide direction to staff regarding compensation increases for the Board of Supervisors.

DISCUSSION

This item is presented pursuant to the current County Ordinance Code Section 2.48.095, Board of Supervisors' compensation, which requires the Human Resources Director to present draft ordinance amendments to the Board for their consideration and adoption.

In early 2007, public agencies across the State were faced with the most challenging financial outlook experienced in decades. Although San Luis Obispo County's financial situation at the time was stable by comparison, it was necessary to make plans to address anticipated fiscal challenges. The County adopted a multi-year plan to address the budget crisis and significant impending budget deficits. That plan became known as the County's "Seven Year Pain Plan." Through thoughtful strategic planning, the Board provided direction and initiatives to address the significant General Fund deficit which reached its peak in FY 2009-10 at \$30 million.

These initiatives affected all employee groups including the Board of Supervisors. All employee groups have made wage and benefit concessions which have assisted the County in achieving its fiscal objectives. Similar to concessions made by other bargaining units, the Board of Supervisors waived a salary increase of 2.36% for FY 2008-09. The Board of Supervisors was the only group to actually cut their pay and approve a reduction to their salary of 2.4% effective FY 2009-10.

The proposed ordinance amendment provides for a change in the method used to determine prevailing wages for the Board. The amended language states that wages will be reviewed against data collected in a manner similar to the manner used to determine prevailing wage for recognized employee organizations. The County has expanded market comparator organizations to include a broader spectrum of agencies ("new market") than had been previously utilized. This new market has been used by the County in negotiations with all employee organizations and replaces a previous contractual formulaic approach to establishing wages. The former formulaic approach was also included in the Board of Supervisors' current compensation ordinance which is eliminated in the proposed amendment. The proposed amendment also incorporates other economic factors important in consideration of establishing wages including the County's financial stability.

The County embarked on a survey of compensation based on this new market and included total compensation factors such as cafeteria plans and employer paid pension contributions ("pick up"). The outcome of this study, using the new methodology consistent with other bargaining units, shows the Board of Supervisors' compensation currently 14.9% under

market.

The attached ordinance proposes to raise the Board of Supervisors' salary by a total of 5.00%. That adjustment includes a return of the 2.4% pay cut adopted by the Board of Supervisors in FY 2009-10, a 2.3% increase equal to that approved by the Board of Supervisors on November 25, 2014 for other unrepresented employees for FY 2013-14, and an additional 0.3% increase applied to address job classes determined to be significantly under market also approved by the Board of Supervisors on November 25, 2014 for unrepresented employees. The total 5.00% increase brings the Board of Supervisors members' salary closer to the market in the same incremental way the County has approached compensation increases with other employee groups. This incremental approach is also consistent with the Board of Supervisors' policy of reintroducing financial resources back into three main areas: contingencies and reserves, programs and services, and employee compensation. Although these compensation increases will narrow the market gap, the Board will remain approximately 9.9% under market based on FY 2014-15 new market survey data.

Government Code section 25123.5 requires a sixty (60) day waiting period after adoption of the Ordinance Code amendment for changes to be made to Board of Supervisors' salaries. If adopted, this change in salary will be effective February 15, 2015, following the required sixty (60) day waiting period.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed and approved the Ordinance for legal form and effect. The Auditor's Office and Human Resources will process the system changes needed to implement the wage increases.

FINANCIAL CONSIDERATIONS

The current annual salary for the Board members is \$82,014.40. The increase of 5.0% will result in an annual salary of approximately \$86,115.12 effective February 15, 2015. The FY 2014-15 cost of this increase is \$11,013 for salary and related costs. The annual ongoing cost of these increases is approximately \$31,815 for salary and related costs. To the extent that departmental savings are not available to cover the amount, staff will recommend that your Board authorize a transfer of the deficient amount out of General Fund Contingencies and/or reserves to the departmental operating budget, as needed, as part of the third quarter report. The third quarter is when many such year-end adjustments are made.

RESULTS

Approval of this Ordinance follows the County's budget policy of a balanced approach to reintroducing resources back into contingencies and reserves, programs and services, and addresses employee compensation. In addition, the amended ordinance provides for Board of Supervisors' wage reviews to be based on data collected in a manner similar to that used to determine wages for recognized employee organizations.

ATTACHMENTS

1. Proposed Ordinance Change
2. Proposed Ordinance Change - Track Changes