

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

| | | | |
|---|--|---|---------------------|
| (1) DEPARTMENT Human Resources | (2) MEETING DATE 4/21/2015 | (3) CONTACT/PHONE Tami Douglas-Schatz, Human Resources Director 781-5959 | |
| (4) SUBJECT Submittal of a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, BU 10; and General Management Law Enforcement, BU 16 approving an increase in compensation to address salary inequities for certain classifications within those Bargaining Units. All Districts. | | | |
| (5) RECOMMENDED ACTION It is recommended that the Board adopt a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, and BU 10; and General Management Law Enforcement, BU 16 approving an increase in compensation to address salary inequities for certain classifications within those Bargaining Units. | | | |
| (6) FUNDING SOURCE(S) Departmental Savings/Contingency and reserves | (7) CURRENT YEAR FINANCIAL IMPACT \$21,654.00 | (8) ANNUAL FINANCIAL IMPACT \$150,109.00 | (9) BUDGETED? No |
| (10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___) | | | |
| (11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input 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 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>11/25/2014</u> | |
| (17) ADMINISTRATIVE OFFICE REVIEW 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: 4/21/2015

SUBJECT: Submittal of a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, BU 10; and General Management Law Enforcement, BU 16 approving an increase in compensation to address salary inequities for certain classifications within those Bargaining Units. All Districts.

RECOMMENDATION

It is recommended that the Board adopt a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, BU 10; and General Management Law Enforcement, BU 16 approving an increase in compensation to address salary inequities for certain classifications within those Bargaining Units.

DISCUSSION

The County's unrepresented Bargaining Units (BU) are comprised of 357 employees in BU 07, 08, and 11 (Management and Confidential employees), BU 09 (Appointed Department Heads), BU 10 (Elected Officials, excluding Board of Supervisors), and BU 16 (General Management Law Enforcement).

On November 25, 2014, the Board of Supervisors approved a Resolution authorizing general wage increases for employees in these bargaining units. That Resolution directed the Director of Human Resources to return on or about March 1, 2015 with proposed salary equity adjustments to those classifications determined to: 1) be significantly under market; 2) have recruitment and retention issues; or 3) have salary compaction issues. Since early March, Human Resources has met with each County department and the Management and Confidential Issues Committee (MCIC) to properly communicate this recommendation and methodology and is now returning to your Board. The funding for these additional adjustments was through a fixed pool equivalent to 0.3% of payroll (\$140,753) for these bargaining units. The equity increases were to be brought back to the Board of Supervisors for approval after staff had completed a comprehensive salary and benefit survey that would drive any additional salary increase recommendations.

The salary and benefits survey for the classifications in these bargaining units used to develop the salary structure and the recommendations included in this report has been completed. The recommendations follow.

New Market Comparators

In 2010, the County conducted an extensive analysis of the comparator organizations used to guide wage and salary administration. Prior to the 2010 analysis, the County used only a limited number of county employers as comparator organizations. The prior market was too narrow to adequately represent market compensation information. As a result, the market comparators were adjusted to include: local public and private employers as required in the prevailing wage ordinance; counties that border San Luis Obispo County; and counties that are economically and demographically similar to San Luis Obispo County.

The systematic analysis completed in 2010 identified the following comparators:

| Local Public Employers | Surrounding Counties | Demographically and Economically Similar Counties |
|---|----------------------|---|
| City of San Luis Obispo | Fresno | El Dorado |
| State of California | Kern | Sonoma |
| Cal Poly | Kings ¹ | Placer |
| San Luis Costal Unified School District | Monterey | Santa Cruz |
| | Santa Barbara | Ventura |
| | Ventura | |

In addition, salary and benefit information from the Economic Research Institute² was added to the analysis to include data from local private sector employers from cities throughout the county where appropriate.

Total Compensation

The County uses a total compensation analysis model when conducting a salary and benefit survey. Because employers may provide compensation in more than just base salary, other compensation factors are important to include to better reflect the market compensation. The following elements have traditionally been included in the total compensation analysis:

- Salary Range Maximum
- Employer Pick-up of Employee Share of Retirement (EPMC)
- Employer Contribution to Employee Health Insurance³
- Uniform Allowance
- Education Incentive

With the advent of state-wide pension reform, many employers have moved away from picking up any of the employee's share of pension costs (EPMC). Employees have also begun sharing in some of the overall pension increases resulting in more out of pocket pension costs for the employee. In San Luis Obispo County, employees have shared equally in the increased pension costs since 2007. Because of these changes, the total compensation analysis takes these elements into account and includes the employees' contribution to their pension in the calculation of total compensation.

Results of the Salary and Benefit Survey

The recently conducted compensation survey indicated that a total of twenty-five (25) unrepresented benchmark classifications and related job families⁴ are below market when compared to the median. The overall cost of an increase to move these classifications up to the market median would be over \$1,000,000. The amount authorized by the Board to be used toward these below market classifications totals \$140,753 which represents the 0.3% of payroll for these bargaining units. This amount is significantly less than the full cost of implementation, so an alternative was developed for the distribution of salary equity adjustments.

This alternative approach focuses on classifications lagging the market median by more than 5%. A total of seventeen (17) benchmark classifications and their related job families (forty (40) classifications and sixty-six (66) filled positions) are under the market median by more than 5%. The total cost of moving those classifications and employees up to 5% below the market median is \$551,196. That amount also exceeds the 0.3% allocation of \$140,753 authorized by your Board.

Therefore, the 0.3% of payroll amount (\$140,753) is recommended be distributed only to those benchmark and job family

¹ Kings County was originally included solely because it bordered San Luis Obispo. However, when reviewing economic and demographic similarity, Kings County was most unlike San Luis Obispo. Therefore, Kings County was eliminated as one of the survey comparators used to develop the recommendations included in this report.

² ERI Economic Research Institute provides compensation, benefits, and Human Resource research for private and public organizations in the form of published reports and software database products. ERI's research database software subscriptions are widely used by thousands of subscribers including human resources, and other US and Canadian public sector administrators (including military, law enforcement, city/county, state/provincial, and federal government pay administrators).

³ Average of employee only and family coverage.

⁴ Those classifications linked to the benchmark class with an established internal alignment.

classifications under market median by more than 5% on a proportional basis to the degree in which the classifications are out of market. This method addresses those classifications farthest from the market median and also adjusts for recruitment and salary compaction issues. If the benchmark classification was not greater than 5% below the market median, no adjustments are recommended at this time. The recommended classifications and salary increases are included in Attachment A. The results of this analysis are detailed in Attachment B.

OTHER AGENCY INVOLVEMENT/IMPACT

The methodology and recommendations were made after collaborating with the Labor Committee, which includes representatives from the County Administrative Office, County Counsel, Auditor Controller, and Health Agency. County Counsel has reviewed and approved the Resolution 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

Based on the number of filled positions, total County costs for the remainder of FY 2014-15 for compensation increases are \$21,654. The County's annual ongoing costs shall increase by \$140,753. In the event that all of the classifications identified in Attachment A are filled and incumbents reach the top step salary, the annual cost will be \$150,109.

Departmental savings will be the primary source of funding for unbudgeted expenditures associated with the compensation increases included in the attached Resolution. To the extent 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 budgets, 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 Resolution follows the County's budget policy of a balanced approach to reintroducing resources back into contingencies and reserves, programs and services, and addresses your Board's direction for additional market-based adjustments approved in November, 2014.

ATTACHMENTS

1. Resolution
2. Attachment A - Unrepresented Employees' Wage Increases
3. Attachment B - Distribution Analysis