BOARD OF SUPERVISORS
AGENDA LETTER

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Submitted on:
(COB Stamp)

Department Name:	Human Resources
Department No.:	064
Agenda Date:	December 17, 2024
Placement:	Administrative
Estimated Time:	N/A
Continued Item:	No
If Yes, date from:	
Vote Required:	Majority

TO:	Board of Supervisors
FROM:	Department Director(s): Kristine Schmidt, Human Resources Director
	Contact Info: Yvonne Torres, Assistant Human Resources
SUBJECT:	Salary Increases and Range Adjustments for Management and Appointed Executive Classifications

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form: <Yes, No, or N/A>

Recommended Actions:

That the Board of Supervisors:

a) Approve adjustments to salary ranges for certain management and appointed executive classifications effective February 03, 2025 (Pay Period 2025-05), as specified in Attachment A, related to a market salary comparison, including but not limited to increases for certain local agency executive classifications as follows: Behavioral Wellness Director 9.8%, Social Services Director 5.0%, Public Health Director 4.8%, First Five Director 4.2%, Planning & Development Director 3.3%, Fire Chief 2.0%, Chief Probation Officer 1.8%, Child Support Services Director 1.5%, Information Technology Director 1.2%, County Counsel 0.8%, Public Defender 0.8%, and Community Services Director 0.5%; and

b) Authorize the Human Resources Director to apply Management General Salary Increases in 2025 and subsequent years, up to a maximum of 1.5% annually, to employees who were Y-rated as a result of their initial placement in the new classification structure on June 24, 2024, as an exception to general Y-rating rules; and

c) Direct Human Resources to return to the Board of Supervisors with a market, compaction, and parity analysis on salaries for Elected Officials; and

d) Determine that the above actions are exempt from California Environmental Quality Act (CEQA) review per CEQA Guidelines Section 15378(b)(4) since the recommended actions are government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

Approval of the recommended actions implements recommendations for salary adjustments resulting from the updated management labor market salary survey, including corresponding adjustments to maintain internal salary alignment and compaction differentials between supervisors and subordinate staff. This is consistent with the Board's previous direction and the salary setting policies in the existing Compensation and Benefits Resolution for Management, Appointed Executive, and Confidential Unrepresented Employees

While the updated management compensation study did not consider salaries for elected department heads and officials, HR recommends the Board direct Human Resources (HR) staff to return at a future regular meeting with a similar analysis of market inequities, compaction, and parity issues for Elected Officials.

Background:

In April 2024, the Board approved full implementation of a new management classification and compensation structure. To acknowledge the amount of time between gathering the initial labor market salary data and implementation of the project, and to validate Y-rating, the Board directed HR to conduct an updated market compensation study. The purpose of the study was to evaluate whether the new salary ranges were competitive with the median of the County's identified labor market. To this end, Human Resources engaged a professional classification and compensation consultant, Gallagher & Associates (Gallagher, formerly Koff & Associates), to conduct an updated compensation study, which informs the recommendations brought to the Board in this staff report.

Gallagher studied 45 benchmark job classifications across the eight agencies the County has defined as the comparable labor market. These agencies are the counties of Marin, Monterey, Orange, San Diego, San Luis Obispo, Santa Cruz, Sonoma, and Ventura. In addition to engaging Gallagher, HR brought together internal staff from various departments to participate on a committee. This committee provided input and feedback to Gallagher regarding assignments and comparable positions from other agencies.

Gallagher determined that a majority of the classifications that were studied are at or above the market median, however 14 benchmark classifications were determined to be between 0.8% to 5.5% below the market median. HR is recommending salary range adjustments to bring those management classifications, including other positions within the job family/market, up to market median consistent with the salary setting methodology included in Section 13 of the existing Compensation and Benefits Resolution for Management, Appointed Executive, and Confidential Unrepresented Employees. There were also eight job classifications where there was an insufficient number of matches to make a labor market comparison on compensation. Gallagher made recommendations on internal salary alignment in those cases based on job duties and general market values. In accordance with County Civil Service Rule 4, which is applicable to management classifications by Resolution, the salary of each incumbent in an affected class will be adjustment to the step/placement within the range that corresponds to their previous step/placement in the former range. A list of the classifications and recommended salary adjustments can be found in Attachment A.

Through this survey, it was determined the management job families of Administrative Services and Regulatory Compliance require more analysis and potential adjustments to the salary range which are not addressed in herein. HR will return to the Board in Spring 2025 with recommendations regarding these job families.

In June 2024, the Board approved a one-time exception to the general rule that Y-rated employees are not eligible for general salary increases and market adjustments until their Y-rated salary is at or below the top of the salary range for their classification. There are still 13 management employees that are Y-rated as a result of the classification change. Human Resources recommends that the Board authorize the Human Resources Director to apply Management General Salary Increases in 2025 and subsequent years, up to a maximum of 1.5% annually, to the salary of these employees as an additional exception to general Y-rating rules. This will provide some cost of living movement while also correcting the Y-rating over time.

While not included in Gallagher's study, elected department heads and officials are part of the County's overall management structure. HR is recommending the Board direct staff to return with a similar analysis of market inequities and compaction issues for Elected Officials in early 2025. This will include a recommendation related to the parity goals previously established by the Board for top attorney positions.

Pursuant to Section 54953(c)(3) of the Government Code, prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of any local agency executive, during the open meeting in which the final action is to be taken. The oral reading of the recommendations with this action is intended to satisfy that requirement.

Fiscal and Facilities Impacts:

Budgeted: Partially.

Fiscal Analysis:

Narrative: If salary adjustments are approved effective February 3, 2025 (Pay Period 2025-05), the estimated cost of the recommended salary adjustments for managers and appointed executives for the 10 remaining pay periods in FY 2024-25 is approximately $356,000, of which an estimated $103,200 would impact the General Fund. This represents an increase of approximately 1.0% across the management and appointed executive group.

The annualized cost of the recommended salary adjustments is approximately $925,400, of which an estimated $268,200 would impact the General Fund.

In FY 2024-25, funding was set aside to cover the General Fund share of the proposed adjustment and it is anticipated that impacted non-General Fund programs will have sufficient salary savings to absorb their share of the increase. If approved, staff will work with the County Executive Office to monitor departmental budgets and will return to the Board with adjustment requests during the fiscal year, if necessary. In FY 2025-26, the proposed salary adjustments will be included in each department's requested budget, and subject to Board approval through the budget development process.

The approval of salary and benefit increases should include an explanation of the financial impact that the proposed change will have on the long -term "funding status" of the county employees' retirement system. Santa Barbara County Employees' Retirement System (SBCERS) makes certain actuarial assumptions regarding salaries in determining the funding status of the retirement plan. SBCERS estimates a general wage inflation component of 3.00% per year, plus a longevity and promotion component of between 0.38% and 4.75% for General employees and between 0.75% and 6% for safety members, depending on years of service. It is not expected that increases will exactly meet these assumptions in any one year. Rather, these assumptions represent the net effect over long stretches of time (20-30 years). Variation from one year to another can have an impact to the overall plan funding.

Provided actual salary growth does not exceed SBCERS assumptions over the long term and, the County makes regular pension contributions on the actual salaries granted, absent other negative factors, the County should continue to see progress towards fully funding the plan. SBCERS conducts a review of its salary assumptions every three years as part of an actuarial experience study. The study and resulting assumption changes adopted by SBCERS serve as a control that ensures the wage growth assumptions used to value the plan does not materially differ from actual wage growth over time.

As reflected below, increases proposed herein will, in the aggregate, exceed this actuarial assumed increase of 3% per year (compounded annually) resulting in actuarial losses to the funding status of the plan that will be netted against possible future year gains, losses and a variety of other factors including investment results, general inflation, and changes in member population demographics like mortality and gender.

Bargaining Unit	Increase Approval Dates	Term of General Salary Increases	Value of Increases Over Term: Yr1, Yr2, Yr3
Managers and Local Agency Executives	April 23, 2024; July 30, 2024; August 20, 2024	3 years	YR 1: 9.7% (3.7%/5%/1.0%), YR 2: 3%, YR 3: 2.5%

Staffing Impacts: None

Legal Positions: N/A

FTEs: N/A

Special Instructions:

Send one copy of the minute order to Stefan Brewer, Senior Human Resources Analyst at sbrewer@countyofsb.org and HRBLCoordinator@countyofsb.org

Attachments:

Attachment A – Recommended Management Salary Range Adjustments

Authored by:

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cc:

Mona Miyasato, County Executive Officer

Rachel Van Mullem, County Counsel

Betsy Schaffer, Auditor-Controller

Assistant County Executive Officers and County Department Heads