



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: Human Resources
Department No.: 064
For Agenda Of: June 18, 2024
Placement: Departmental
Estimated Time: 30 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Kristine Schmidt, Human Resources Director
Director(s) 805-568-2800
Contact Info: Yvonne Torres, Assistant Human Resources Director
806-568-3075

SUBJECT: Updates Regarding Classification and Salary Plan for Appointed Executives and Management

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: N/A

Auditor-Controller Concurrence

As to form:

Recommended Actions:

That the Board of Supervisors:

- a) Receive an update on implementation of the Management Classification and Compensation Project effective June 24, 2024; and
- b) Adopt the resolution in Attachment A which amends the Compensation and Benefits Plan for Management, Appointed Executive, and Confidential Unrepresented Employees (Resolution No. 24-91) previously approved by the Board of Supervisors on April 23, 2024; and
- c) Authorize the Human Resources Director to apply the expected Fiscal Year 2024-2025 Management General Salary Increase to employees who are otherwise Y-rated, as a one-time exception to general Y-rating rules; and
- d) Determine pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4) that the above actions are 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, and are therefore not a project subject to environmental review.

Summary Text:

Approval of the recommended actions allows the County Human Resources Department (CoHR) to complete implementation of the final phase of the three-phase management classification and compensation project previously approved by the Board on April 23, 2024. These recommendations

consist of additional adjustments to the Compensation and Benefits Plan for Management, Appointed Executive, and Confidential Unrepresented Employees and direction to the Human Resources Director to apply the FY 2024-2025 Management General Salary Increase to employees who are otherwise Y-rated, as a one-time exception to general Y-rating rules. Additional management classification and compensation changes, which have been included in the County's comprehensive classification and salary schedules for FY 2024-25, are also discussed in this report.

Background:

On April 23, 2024, the Board approved a new management classification and compensation structure. This was the culmination of three years of work with the intent of eliminating management broadband classifications and establishing steps-based pay ranges that are more similar to the compensation structure for the majority of the County's represented job classifications and more commonly seen in the public sector. The goals were to establish a transparent and objective management classification and compensation system, align pay with the labor market for similar positions at comparable counties, ensure pay equity for incumbents and address internal compaction, establish clear promotional pathways based on increasing responsibility and accountability, prepare for incorporation of the payroll function in to the Workday Enterprise Resource Planning software (ERP), and consolidate various documents governing management pay and benefits.

On April 23, 2024, and the Board approved:

- Establishing the new management and appointed executive job classifications;
- Establishing new management salary schedules;
- Adopting a consolidated Compensation and Benefits Plan for Management, Appointed Executive, and Confidential-Unrepresented Employees and rescinding related outdated documents.

The Board further expressed its support for exploring ways to mitigate the effect of "Y-rating" (pay freezes) on those employees whose current pay was determined to be above the salary range maximum for their new classification, and for reevaluating the County's labor market position for management classifications in fall 2024.

After the Board's approval of the new classification and compensation structure, CoHR sent individual notifications to each incumbent manager and appointed executive affected by the change to communicate their job classification and salary rate. CoHR provided a "Classification Review Request" process for incumbents to request reconsideration of their placement into the new structure. The first review period was limited to incumbents whose pay will be temporarily frozen ("Y-rated") because it is above the maximum for their classification, until the top of the salary range catches up, and to incumbents who received less than a 2.5% merit salary increase (truncated merit). There were 11 requests submitted from incumbents who were "Y-rated" or who received a truncated merit. These requests were evaluated by a panel of classification and compensation professionals, including two reviewers from outside the County, and two classification adjustments are being made in the documents approved today as a result of the review. A second review period will occur after implementation, and any changes resulting from that review period will be addressed via the existing administrative processes.

The following changes were incorporated in the County's comprehensive classification and salary schedules for FY 2024-25, which are also on the Administrative Agenda for consideration of Board adoption at the meeting of June 18, 2024:

- Salary adjustments, based on a reevaluation of the labor market, of 6.4% for classifications in the Health Services job family and 1.6% for classifications in the Human Services job family. This included salary adjustments for three executive positions whose salary ranges are aligned with the Human Services job family: the Assistant Director of Child Support Services, the Assistant Director of First 5, and the Workforce Development Board Executive Director. (This one action reduced by half the number of positions that are Y-rated from 36 identified in the April 23, 2024 Board meeting to 17).
- Adjustments to the classifications of two incumbents based on their Classification Review Requests, as discussed above.
- Adjustments to the classifications of nine incumbents based on additional discussion with Department Directors.

Additionally, the following changes are reflected in the attached amended Compensation and Benefits Plan for Management, Appointed Executive, and Confidential Unrepresented Employees:

- Extends the already adopted 5% Certified Public Accountant (CPA) or Certified Public Finance Officer (CPFO) special pay to the County Budget Director, Assistant Auditor-Controller, Chief Deputy Controller, Chief Deputy Auditor, and departmental Chief Financial and Administrative Officers (CFAOs).
- Clarifies the timing of when Management Leave hours will be made available and provides a prorated amount of six (6) months of Management Leave for use between July and December 2024 (20 hours for managers and 40 hours for executives). Executives and managers hired after the first pay period of the fiscal year will have their Management Leave hours further prorated depending upon their date of hire.
- Provides that salary requests for non-permanent appointments to management classes, including but not limited to temporary assignments out of class, will follow Civil Service Rule 4.
- Grandfathers benefits for managers reclassified from bargaining unit 42 (assistant director) to non-executive management classifications so they retain their vehicle allowance, \$30,000 county-provided life insurance benefit, and access to the Administration building parking lot until such time they vacate their position. This was an initial goal of the project that was not adequately addressed in the document.
- Memorializes increases to County-paid family health contribution for the 2025 plan year to a \$125 subsidy of employees' twice monthly premiums for employee + one coverage and a \$440 subsidy of employees' twice monthly premiums for employee + family coverage (These increases are not part of the Management Classification and Compensation Project, but are part of a separate project related to benefits for County employees in general.)

Staff are further recommending that the Board of Supervisors authorize the Human Resources Director to apply the 2024-2025 Management General Salary Increase (GSI) to employees who are otherwise Y-rated, as a one-time exception to general Y-rating rules. This will apply to 17 management employees. Ordinarily the salaries for these Y-rated employees would not be subject to the General Salary Increase (i.e., temporarily frozen) until their salary fell within the salary range for their classification. However, this exception will allow CoHR refresh the labor market survey and return to the Board in November 2024 to discuss recommended salary range adjustments. The Y-rated status of these employees will be reevaluated after the results of that market study have been considered and any resulting increases to

management salary ranges incorporated. The timing and the amount of the GSI are tied to labor negotiations with bargaining units, which are still underway, so staff will formalize this direction when the increases are approved.

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 report with this action is intended to satisfy that requirement.

Fiscal and Facilities Impacts:

The total annualized cost of the final salary structure changes for Management, Assistant Directors and Chief Financial & Administrative Officers (CFAOs), including the adjustments recommended today, is approximately \$1.8 million of which an estimated \$990,000 (55%) would impact the General Fund. This is related primarily to market alignment of salary ranges and placement of managers on the new salary steps. There are no additional costs for the structure changes for the Department Director classifications, which do not have steps. These impacts were anticipated and sufficient ongoing funds have been set aside in the adopted FY 2024-25 budget to cover the increase. Funding will be released as needed to help balance the impacts.

Staffing Impacts:

There are no staffing level impacts associated with the adoption of these actions.

Attachments:

Attachment A: Compensation and Benefits Plan for Management Appointed Executives and Confidential Unrepresented Employees Resolution (clean copy)

Attachment B: Compensation and Benefits Plan for Management Appointed Executives and Confidential Unrepresented Employees Resolution (track changes)

Special Instructions:

Please send one copy of the minute order and signed Resolution to Erin Jeffery, Fiscal & Workforce Planning Division Chief, at emjeffery@countyofsb.org

Authored by:

Erin Jeffery, Fiscal & Workforce Planning Division Chief

cc: Mona Miyasato, County Executive Officer
Rachel Van Mullem, County Counsel
Betsy Schaffer, Auditor-Controller
All Department Directors
Assistant CEOs