



**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:** September 11, 2018  
**Placement:** Set Hearing for 10/02/18  
Second Reading for  
10/09/18  
**Estimated Time:** 15 minutes on 10/02/2018  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Lori Gentles, Human Resources Director, 568-2816  
Director:  
Contact Info: Joseph Pisano, Chief of Employee Relations, 568-2839  
**SUBJECT: Amendment to the Ordinance Setting Compensation and Benefits for Members of the Santa Barbara County Board of Supervisors.**

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** None

**Recommended Actions:**

On September 11, 2018, that the Board of Supervisors set a hearing for October 2, 2018 to:

- A) Approve the introduction (first reading) of the Ordinance in Attachment A, which amends Ordinance 5018 setting compensation and benefits for members of the Board of Supervisors as follows:
  - i. Effective the first pay period following sixty (60) days after Board approval, incorporate an existing biweekly Unit Cash allowance of \$278.24 into base salary; and
  - ii. Effective the first pay period following sixty (60) days after Board approval, provide a 3% salary increase consistent with the October 2017 Annual Indices of the Consumer Price Index – Urban (CPI-U) for the Los Angeles-Riverside-Orange County area, and continue to tie future annual salary increases from a minimum of 0% to a maximum of 3% each fiscal year to this index; and
  - iii. Effective in the first pay period following sixty (60) days after Board approval, implement a 0.83% pension cost-sharing pick-up for members of the Board of Supervisors in classic/legacy retirement plans; and

- iv. Effective with the 2019 health insurance plan year (Pay Period 2019-01) or in the first pay period following sixty (60) days after Board approval, provide the same 3.28% increase to the County contributions to health insurance that all County employees on health plans will receive to all Board members enrolled in and receiving County-sponsored health insurance; and
- B) Read the title of the Ordinance and waive full reading of the Ordinance; and
- C) Continue the hearing to the Administrative Agenda of October 9, 2018 to approve the amendment to Ordinance 5018 to:
- i. Incorporate an existing biweekly Unit Cash allowance of \$278.24 into base salary, effective the first pay period following sixty (60) days after Board approval; and
  - ii. Provide a 3% salary increase, consistent with the October 2017 Annual Indices of the Consumer Price Index – Urban (CPI-U) for the Los Angeles-Riverside-Orange County area, to be effective during Fiscal Year 2018-2019 and tie future, annual salary increases to the Consumer Price Index - Urban (October Annual Indices) from a minimum of 0% to a maximum of 3% each fiscal year, effective the first pay period following sixty (60) days after Board approval; and
  - iii. Implement a 0.83% pension cost-sharing pick-up for members of the Board of Supervisors in classic/legacy retirement plans, effective the first pay period following sixty (60) days after Board approval; and
  - iv. Provide a 3.28% increase to the County contributions to health insurance for all Board members enrolled in and receiving County-sponsored health insurance, effective with the 2019 plan year (Pay Period 2019-01) or in the first pay period following sixty (60) days after Board approval, which is consistent with the increase all County employees on health plans will receive to the County contribution for health insurance, effective with the 2019 health insurance plan year; and
- D) Determine that the above actions are government fiscal activities or funding mechanisms which do not involve any commitment to any specific project which may result in potential physical impacts on the environment, and are therefore not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(4) of the CEQA guidelines.

**Summary Text:**

The recommended actions will amend an ordinance providing current salaries and benefits to the members of the Board of Supervisors to:

- i. Incorporate an existing biweekly Unit Cash allowance of \$278.24 into base salary, effective per Government Code § 25123.5 in the first pay period following sixty (60) days after Board approval.
- ii. Provide members of the Board of Supervisors a 3% salary increase effective per Government Code § 25123.5 in the first pay period following sixty (60) days after Board approval.
- iii. Implement a 0.83% pension cost-sharing pick-up for members of the Board of Supervisors in classic/legacy retirement plans, effective the first pay period following sixty (60) days after Board approval. This is intended to be the first of three equal pick-

ups phased in over three years subject to the limitation that elected officials' salaries cannot be reduced during an election year per Government Code § 1235; and

- iv. Provide a 3.28% increase to the County's contributions to health insurance for all Board members enrolled in and receiving County-sponsored health insurance, effective with the 2019 plan year (Pay Period 2019-01) or per Government Code § 25123.5 in the first pay period following sixty (60) days after Board approval, which is consistent with the increase all County employees will receive to the County contribution for health insurance and which is a non-cash out benefit.

The Ordinance amending Ordinance 5018 appears in Attachment A.

**Background:**

***Incorporating Unit Cash into Base Salary:*** County health benefits have long been structured such that the County pays the full employee only cost of the least expensive EPO medical plan, and does not contribute anything toward the cost of insuring employees' dependents. A "Unit Cash" allowance was implemented to help employees pay for the cost of dependent health insurance without essentially compensating employees who insure dependents at higher rates of pay than employees doing the same work who do not insure dependents on County health plans. The amended Ordinance will incorporate the dollar value of the existing Unit Cash allowance of 278.24 into base salary for members of the Board of Supervisors and eliminate this allowance, a change previously implemented for other elected officials and for all County managers and executives whose compensation and benefits are not set by ordinance. Unlike the recommended salary increase, incorporating the Unit Cash allowance into base pay does not directly increase overall compensation, except to the extent subsequent salary increases will be based on a higher base amount after the action takes effect.

***Fiscal Year 2018-19 Recommended Salary Increase:*** On March 10, 2015, the Board received a report from a special citizen's committee formed for the purpose of reviewing Board member salaries and making recommendations related to contemporaneous and future pay increases for members of the Santa Barbara County Board of Supervisors. At the conclusion of the review of the committee's report, the Board directed staff to return with an Ordinance change that would not increase salaries at that time (i.e. in Fiscal Year 2014-15) but that would provide for future potential annual increases ranging from a minimum of 0% to a maximum of 3% based on the Annual Indices of the Consumer Price Index – Urban (CPI-U) for the Los Angeles-Riverside-Orange County area CPI.

The Board subsequently received a 1.4% increase in Fiscal Year 2015-2016, based on the October 2014 CPI-U, did not approve a recommended 1% increase in Fiscal Year 2016-2017, which was based on the October 2015 CPI-U and approved a recommended 2.2% salary increase in Fiscal Year 2017-2018, which was based on the October 2016 CPI-U.

Based on the U.S. Bureau of Labor of Labor Statistics October Annual 2017 CPI-U indices for the Los Angeles-Riverside-Orange County area, staff recommends a 3% salary increase for members of the Board in Fiscal Year 2018-2019. This recommended increase is 0.1% lower than the October 2017 indices; however, to remain consistent with the direction of the Board in March 2015, the increase is capped at 3%. The October 2017 indices are shown below:

U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS												
Western Information Office, 90 7th St., Suite 14-100, San Francisco, CA 94103												
LOS ANGELES-RIVERSIDE-ORANGE CO. CA												
06/22/2018							Consumer Price Index, All Items for All Urban Consumers (CPI-U)					
1ST							2ND					
YEAR	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
2017	252.373	253.815	254.525	254.971	255.674	255.275	256.023	256.739	257.890	258.883	259.135	259.220
2017	2.1%	2.7%	2.7%	2.7%	2.5%	2.2%	2.5%	2.8%	3.1%	3.1%	3.6%	3.6%



The amended Ordinance will result in Board member salaries being increased during Fiscal Year 2018-2019 by 3%, effective sixty (60) days after Board approval.

**Classic/Legacy Pension Cost-sharing:** The County has reached agreements for pension cost-sharing for employees in “classic” (aka “legacy”) retirement plans with 8 of 10 labor groups, and the Board has approved implementation of pension cost-sharing provisions for unrepresented employees in these plans. Classic/legacy retirement plans were established prior to January 1, 2013 when the Public Employees’ Pension Reform Act (PEPRA) was implemented statewide in California. Employees in classic/legacy retirement plans contribute less toward their pension benefits than employees hired post PEPRA.

A pension cost-sharing pickup of 0.83% paid by employees toward the County’s retirement costs in Fiscal Year 2018-19 was previously approved for elected department heads and other executives and unrepresented managers in classic/legacy retirement plans whose compensation and benefits are not set by ordinance. This initial pick-up for those employees will be followed by two additional pick-ups of 0.83% in 2019 and 0.83% in 2020 for a total of 2.49% over three years. The initial pick-up was timed to be implemented as soon as practicable after a 2018 wage increase for the affected employees, and the two subsequent pick-ups will be implemented when these executives and managers are eligible for wage increases in 2019 and 2020. Staff recommends that the same three increases in retirement contributions of 0.83% by members of the Board in classic/legacy retirement plans be implemented in a similar way, so that three pick-ups of 0.83% are implemented concurrently with recommended salary increases in 2018, 2019, and 2020. Aside from mirroring cost sharing provisions for other elected officials and unrepresented executives and managers, this is necessary in 2018 and 2020 because Government Code § 1235 explicitly prohibits reductions in the salary of elected officials after candidates have declared for office during election years.

The Board would have to increase its salaries by at least 0.83% in 2018 and 2020 to comply with this section of the Government Code. Staff will return in future years with recommendations for salary increases tied to the Los Angeles-Riverside-Orange County area CPI-U that will at least offset any recommended pension cost-sharing pick-up.

**Increase in County Contribution to Health Insurance Premiums:** Changes in medical premiums occur every year in December, in the first pay period of the payroll year. Members of the Board of Supervisors are eligible to enroll in the same health plans as benefit eligible County employees and receive the same County contribution as those employees who enroll in health care plans receive. The recommended 3.28% increase in County contributions to health insurance premiums for members of the Board of Supervisors is the same as the increase that all County employees enrolled in County sponsored health insurance will receive, and it requires a change to the Ordinance which sets the Board’s compensation and other benefits.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

There is no direct cost increase associated with incorporating unit cash into base salary *per se*, but this recommended action would slightly increase the cost of future wage increases, including the 3% salary increase currently being recommended. The 3% increase would result in a biweekly salary increase of approximately \$109.03 for each Board member, which provides an annual increase of \$2,834.77, assuming the recommendation to incorporate the Unit Cash allowance into base salary is approved. The additional cost of the 3% salary increase associated with its being compounded on the unit cash conversion is approximately \$8.35 biweekly (\$217.03 annually) for each member of the Board.

The Chair allowance will also increase by 3% if the salary increase is approved, which will result in an increase of \$2.01 biweekly, for an annual increase of \$52.34. The fully loaded total increase to salaries for the five Board members including the increase in Chair allowance would be approximately \$21,537 annually. This is a General Fund cost, and was included in the Recommended Budget for Fiscal Year 2018-2019. In the pay period after anticipated implementation of the recommended actions, there will be only one known member of the Board of Supervisors in a classic/legacy retirement plan, and the estimated annualized pick-up of the County’s retirement costs is relatively modest at approximately \$889 in the first year.

If all five individual members of the Board of Supervisors enroll in County sponsored health insurance in 2019, the total combined increase may vary depending on health plan choices but will not exceed a maximum of approximately \$1,502.00 for all five Board members for the 2019 health plan year.

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund	\$ 12,405.62	\$ 23,039.00	
State			
Federal			
Fees			
Other: Cost-sharing	\$ (494.00)	\$ (889.00)	
Total	\$ 11,911.62	\$ 22,150.00	\$ -

**Special Instructions:**

Direct the Clerk of the Board to publish notice in a newspaper of general circulation in Santa Barbara County 10 days prior to the hearing and again upon adoption by the Board of Supervisors

Return one copy of the approved Ordinance to Human Resources, Position Control and one copy to the Human Resources Director.

**Attachments:**

**Attachment A** – Ordinance 5018 – Amended

**cc:**

Mona Miyasato County Executive Officer  
 Theodore A Fallati CPA, Auditor-Controller  
 Michael C. Ghizzoni, County Counsel