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Agenda Placement: 6O

NAPA COUNTY BOARD OF SUPERVISORS
Board Agenda Letter

TO:	Board of Supervisors
FROM:	Charla Freckmann for Mark Gregersen - Director Human Resources
REPORT BY:	Charla Freckmann, Assistant Human Resources Director, 259-8720
SUBJECT:	Equity and Salary Adjustments for Employees in the Public Service Employee Units, Management and Confidential Groups

RECOMMENDATION

Human Resources Director requests adoption of the following three resolutions:

1. Resolution approving equity adjustments for certain classifications in the Public Service Employee and Public Service Employee-Supervisory Units;
2. Resolution approving equity adjustments for certain classifications in the Management and Confidential employee groups; and
3. Resolution approving a change in the annual salary for the Non-Classified position of County Executive Officer.

EXECUTIVE SUMMARY

The recently negotiated Memoranda of Understanding for the Public Service Employee and Public Service Employee-Supervisory Units between the County and SEIU Local 614 include provisions for implementing equity adjustments in January for each year of the term of the contracts. A salary survey using the PSE/PSE-Supervisory Key Classes determined that equity adjustments are necessary to bring the salaries of represented employees in classifications that are identified as being more than 3% below the average of our comparison agencies to the same amount as the average salary of the comparison group.

The County also has a practice of implementing similar salary and benefit increases for unrepresented employees consistent with the salary and benefit increases provided to the PSE and PSE-Supervisory bargaining units. Unrepresented employees consist of management and confidential classifications. Management employees are classified into the following groups: Classified, Non-Classified, and Non-Classified (Other) and are referenced herein as management employees. Confidential employees are in non-management classifications that are unrepresented. The same methodology used in determining equity adjustments for classifications in the represented units is used for determining applicable equity adjustments for management and confidential employees. A salary survey was conducted which determined that certain key classes identified on the County Management Key Class Listing were more than 3% behind the average of our comparison agencies. In addition, the Board of Supervisors recently concluded an annual performance evaluation for the County Executive Officer and determined that an adjustment to the annual compensation for the non-classified position of Napa County County Executive Officer was appropriate.

The Human Resources Director recommends adoption of the above-referenced resolutions implementing salary and equity adjustments in order to maintain parity with our comparison agencies.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	The cost increase resulting from implementing the recommended equity and salary adjustments for the remainder of the current fiscal year is estimated at $225,000. Departments will be expected to absorb these costs in their respective FY 2005-2006 budgets to the extent possible. If necessary, funds are available in designations set aside for employee salaries and benefits.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The PSE and PSE-Supervisory Memoranda of Understanding between the County and SEIU Local 614 require that annual salary surveys be conducted to determine the relative market position of the County's key classes as compared to those in the market represented by our comparison jurisdictions. This equity provision further provides that if any key class is more than 3% below the average of our agencies of comparison than an equity adjustment is warranted. Similarly, the same methodology agreed to in the PSE Memoranda of Understanding is used for the management and confidential classifications to determine whether equity adjustments are warranted.
Is the general fund affected?	Yes
Future fiscal impact:	The increase in cost resulting from implementing the recommended equity adjustments for Fiscal Year 2006-2007 is estimated at $488,000. The increase represents the difference between the current established salaries for the next fiscal year and the proposed recommended equity adjustments and will be included in each department's FY 2006-2007 budget request.
Consequences if not approved:	The County would not be in compliance with the negotiated provisions regarding equity adjustments contained in the Memoranda of Understanding between the County and SEIU Local 614. In addition, classifications identified by the salary survey as being more than 3% below the average salaries of our comparison jurisdictions would not be adjusted and over the long term, failure to reconcile County salaries to those of the market can result in difficulty in recruitment and a loss of internal retention.
Additional Information:	None

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The County agreed to conduct annual salary surveys for the purpose of determining the relative market position of the County's key classes as compared to those in the market represented by our comparison jurisdictions. The basis for implementing equity adjustments for the following groups of employees is outlined below.

I. Public Service Employee and Public Service Employee-Supervisory Units

In August 2004, the County and SEIU Local 614 concluded negotiations for successor Memoranda of Understanding (MOU) for the PSE and PSE-Supervisory bargaining units. The Board approved new MOUs on September 27, 2004, which contain provisions for annual salary surveys to be conducted to determine whether equity adjustments are to be implemented in January of each year for the term of the contracts. These provisions further provide that if any of the PSE and/or PSE-Supervisory Key Classes are more than 3% below the average of our agencies of comparison that an equity adjustment is warranted. Our agencies of comparison are the following: Contra Costa County, Marin County, Monterey County, Placer County, Santa Cruz County, Solano County, Sonoma County, and the City of Napa. One exception to this identified group of comparisons was previously created relating to the key class of Correctional Officer II. Due to the unique structure of Napa County's Department of Corrections, there was agreement to use the following agencies for comparison for the Correctional Officer II key class: Placer County, Santa Clara County, Solano County and Sonoma County.

There are a total of 31 key classes in the PSE and PSE-Supervisory units. As a result of the salary survey performed this year, it was determined that equity adjustments are necessary for two key classes: Mental Health Counselor and Social Worker II. Exhibit "A" of the attached resolution (Supporting Document A) regarding the PSE and PSE-Supervisory units is a list of all classifications contained in the two identified key classes that are more than 3% below the average of our agencies of comparison.

II. Management and Confidential Employees

The County has a practice of implementing salary and benefit increases for unrepresented employees that is consistent with salary and benefit increases provided to the PSE and PSE-Supervisory bargaining units. Since confidential employees are classified in the same classifications contained in the PSE and PSE-Supervisory Key Classes, the existing practice is to provide the same equity adjustment to both the represented classification and the associated confidential classification. However, it was determined that for this year, no confidential classifications will receive equity adjustments because there are no confidential classifications associated with any of the PSE and PSE-Supervisory Key Classes identified as having met the criteria for an equity adjustment.

For management classifications, a salary survey was conducted using the same methodology and agencies of comparison established and agreed to for determining equity adjustments for the PSE and PSE-Supervisory units. On December 20, 2005, in closed session, the Board reviewed the salary survey results and costing data for proposed equity adjustments for the management employee groups and determined that it was appropriate to cap equity adjustments for any of these classifications at 6%. Of the total of 42 key classes for the management employee groups there were 22 key classes identified as having met the criteria for an equity adjustment and 11 of these key classes are capped at the 6% equity adjustment limit.

Exhibit "A" of the attached resolution (Supporting Document B) regarding management employees is a list of all classifications contained in the 22 key classes that are more than 3% below the average of our agencies of comparison.

III. <u>County Executive Officer Compensation</u>

The Employment Agreement of the County Executive Officer provides that an annual performance review is required and that following each performance review the Board will consider adjusting the salary of the CEO to whatever level it deems appropriate based upon the County Executive Officer's performance. The Board has recently conducted the annual performance evaluation for the County Executive Officer and determined that it was appropriate to adjust the compensation of the County Executive Officer by 6% based on performance.

IV. <u>Compaction Issues</u>

Generally, if an equity adjustment for a particular classification results in a compaction of less than a 10% spread between classifications that have a direct reporting relationship, the established County practice has been to adjust the supervising classification to maintain the 10% difference. The recommended equity adjustments have resulted in certain compaction issues that should be resolved according to the County's practice. The identified classifications that warrant an adjustment due to compaction are identified in the attached resolutions.

Listed in Exhibit "A" of Supporting Document B are management positions where compactions issues were addressed due to equity increases for positions that have a direct reporting relationship. Current County practice is to also generally maintain a spread of 10% between the salaries of positions that have a direct reporting relationship.

The Human Resources Director recommends adoption of the resolutions implementing salary and equity adjustments for the identified classifications effective January 14, 2006, by the percentages indicated, coming as close as possible to these percentages using the existing salary plans.

<u>SUPPORTING DOCUMENTS</u>

A . PSE & PSE-Supervisory Equity Adjustments Resolution

B . Management Equity Adjustments Resolution

C . CEO Salary Adjustment Resolution

CEO Recommendation: Approve

Reviewed By: Andrew Carey