

# EL DORADO LAFCO


LOCAL AGENCY FORMATION COMMISSION

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## *AGENDA OF MARCH 28, 2018*

### *REGULAR MEETING*

**TO:** Shiva Frentzen, Chair, and  
Members of the El Dorado County Local Agency Formation  
Commission

**FROM:** José C. Henríquez, Executive Officer 

**AGENDA ITEM #7:** **CONSIDER AND APPROVE LAFCO RESOLUTION L-2018-07  
SETTING THE LAFCO SALARIES FOR ALL POSITIONS**

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#### **RECOMMENDATION**

Staff recommends that the Commission consider and approve Resolution L-2018-07, setting the salaries for all LAFCO staff positions starting July 1, 2018.

#### **REASON FOR RECOMMENDED ACTION**

The current salaries for all staff are set by LAFCO Resolution L-2015-07. The Commission's budget ad hoc committee reviewed staff salaries at its December 2017 and January 2018 meetings. The results of its research showed that the salaries for almost all of the LAFCO positions were below market. The ad hoc committee recommends a three-year phase-in to bring all salaries up to or closer to market.

#### **BACKGROUND**

The current staff salaries were set in 2015, with a modification in 2017 to set the compensation for the Assistant Policy Analyst; however, the changes incorporated in LAFCO Resolution L-2015-07 were to give staff a 2.5% cost of living adjustment. The last time staff salaries were studied to a measurable extent was in 2012. At the time, the staff salaries were slightly below market but still competitive. In addition, the 2012 rates were based on and built upon 2007 salary schedule.

#### *Methodology*

In the intervening years, the El Dorado LAFCO salary steps are not just below market, but for some positions, well below market in comparison to not just other LAFCOs but also of the sibling agencies in this county. In order to attract and retain qualified staff members, LAFCO should offer a competitive salary and benefits. Your Executive Officer believes this agency is on target for the latter, but looking at the numbers, it is

obvious that it is not on compensation levels. Given that it takes approximately a year to fully train LAFCO staff members to a level where the investment starts to pay off in productivity, this agency does not want to be in the position where it is reduced to the role of a training ground (people join the team, learn a new skill and then promptly leave for another employer that then reaps the benefits).

In order to make as close to an apples-to-apples comparison as possible, the ad hoc committee reviewed the compensation levels along the following parameters and the results of the survey are found in Attachment A.

#### Comparisons With Other LAFCOs

El Dorado LAFCO was compared to other LAFCOs that had one or more of the following characteristics:

- Staff size
- Similarly-sized budget
- Served a county with similar demographics (population size, terrain, suburban/rural, residents' median income)
- Similar project activity level (annexations or reorganizations)

The logic behind choosing these characteristics was to weed out smaller LAFCOs that usually have low levels of activity and/or use contractors for staffing or LAFCOs that serve big, urban area where salaries have to be larger by necessity. This resulted in looking at ten LAFCOs plus Sacramento LAFCO since it is the regional competitor for talent (please refer to Attachment A). Of these eleven LAFCOs, three LAFCOs were included with some hesitation (Alameda, Napa and Solano) because of the "Bay Area effect" on their respective salaries; however, other factors justified their inclusion.

#### Comparisons With Sibling Agencies

Other local agencies are also competitors for talent. Because of the scope of LAFCO's work, it is possible to have a person with a given set of skills be competitive for a variety of roles in other agencies. For example, a planner can be a LAFCO staffer (in fact, a lot of LAFCOs have staff with a planning background). The same can be said of an administrative analyst in a city manager's office or the County's Chief Administrative Office. Consequently, it was important to review the job descriptions of various roles to ensure there was a sufficient overlap in skills, knowledge, responsibilities and education so that an appropriate evaluation can be made whether it was valid to include that position in this survey. Ultimately, the committee found that the County, the City of Placerville, El Dorado Irrigation District and the Georgetown Divide Public Utility District would be the appropriate comparable agencies.

#### Position Breakdown

The last metric used was to link each LAFCO position with analogous roles with other LAFCOs and agencies. In the LAFCO world, it is easier to compare the positions because the number of titles and roles is limited. For the sibling agencies, the "sufficient overlap" evaluation was used. This led to the following links:

- *Executive Officer* – Compared only to other EOs in the LAFCOs included in the survey. No attempt was made to compare with the chief administrators of other agencies or to the County's department heads.
- *Assistant EO* – Compared to other Assistant EOs, if applicable, and to “senior” or “principal” analysts in other agencies.
- *Policy Analyst* – Compared to the senior analysts from other LAFCOs, if applicable, or analysts II in other agencies.
- *Assistant Policy Analyst* – Compared to analysts I from other LAFCOs, if applicable, or in other agencies.
- *Commission Clerk* – Compared to Clerks, if applicable, or senior/deputy administrative aides in other agencies
- *Administrative Assistant* – Compared to admin assistants from other LAFCOs and in other agencies.

### *Salary Comparison*

After the salary data were gathered, it became apparent that only the Clerk salary was on par to market. All others were below market by varying percentages. With these data points, the ad hoc committee first sought to look at the steps for each position and then find a way to structure the compensation levels in a way that made career advancement both possible and flow logically. The results were compiled and included in Attachment B.

As it can be seen, there are four rows for each position. The top rows reflect the current LAFCO salaries found in Resolutions L-2015-07 (setting the compensation for most of staff) and L-2017-12 (the position and compensation for the Assistant Policy Analyst was added, but the compensation levels for all other staff remained the same) in italics. The white-on-black bars on the second rows contain the average/mean salary from the survey. The bolded third rows contain the ultimate, proposed salary level for each position. The fourth row includes the percentage increase for Steps 1 and 5. It should be noted that LAFCO is not seeking to fill all six authorized positions; however, LAFCO should establish a relationship from one position to the next as responsibilities and expectations are set for each employee as he/she grows in his/her role.

This relationship can be seen from the bottom to the top of Attachment B. It would be theoretically possible for one individual to be initially hired as a Commission Clerk and be promoted “up” as he/she grows into roles with increasingly higher and more complex responsibilities. An opportunity for advancement could help attract and retain talent. This would work to the benefit of both the individual and LAFCO.

### *Budget Implications*

Because there are increases for all positions, the ad hoc committee recognizes the impact the proposed salary schedule would have on the budget and on the contributing agencies who provide the bulk of LAFCO's revenues. If adopted wholesale, and assuming all operating costs and revenue assumptions as detailed in Agenda Item 9

remain the same, the LAFCO budget would be \$537,126, a \$55,171 increase over the current year. This would result in an increase in a \$114,774 in agency contributions over the current year.

The ad hoc committee felt this increase to be too large at this time. The proposal is to phase in the increase across three years for the Executive Officer, Assistant Executive Officer, and the Assistant Policy Analyst. Each position's salary would increase by the following amounts per year, with each increase taking effect on July 1, 2018, July 1, 2019, and the last phased-in increase occurring on July 1, 2020:

- Executive Officer: \$0.82 per hour/\$1,700 per year\*
- Assistant EO: \$2.32 per hour/\$4,833 per year\*
- Assistant Policy Analyst: \$1.13 per hour/\$2,343 per year\*

\* The actual yearly amount will likely be less due to furloughs should the Commission follow staff's recommendation on Agenda Item 9.

These increases would be in lieu of any merit increases during this time period. The Administrative Assistant would be the only position that would see her hourly wage increase closer to market as she will not be with the agency for the full length of the phase-in.

For purposes of planning, the costs in the following charts provide a good-faith effort to estimate employee costs for the next three years, assuming:

- 1) The CalPERS rates stay roughly the same as those listed on the last (August 2017) valuation report;
- 2) Healthcare costs increase no more than 15% a year;
- 3) There are no changes to the percentages or charges for all other items; and
- 4) LAFCO maintains its existing practice of requiring employees to take three days unpaid each fiscal year.

	<b>FY2018-19</b>	<b>FY2019-20</b>	<b>FY2020-21</b>
Employee Wage - Regular	\$243,297	\$240,704	\$238,023
Employee Wage - Overtime	\$1,307	\$896	\$485
Flex Benefits	\$6,000	\$6,000	\$6,000
Employee Assistance	\$471	\$412	\$353
Health Insurance (Less In Lieu)	\$67,932	\$63,887	\$51,508
Retirement - CALPERS	\$38,296	\$40,650	\$42,522
Payroll Tax - Medicare (1.45% of Base)	\$3,528	\$3,490	\$3,451
Payroll Tax - SUI/ETT	\$1,300	\$1,300	\$1,300
Disability Insurance (.53% of Base)	\$1,289	\$1,276	\$1,262
Accrued Leave	\$19,363	\$18,818	\$19,563
<b>Sub-Total Employee Expenses</b>	<b>\$382,783</b>	<b>\$377,432</b>	<b>\$364,468</b>

As it can be seen, the increase in cost is not just due in the salaries but also because FY2018-19 is the only full year in which LAFCO will be staffed at 3.5 individuals. LAFCO will go to a 3-person staffing model in the second half of FY2019-20 as the Administrative Assistant retires. Employee expenses are projected to go down again in FY2020-21 even as the salaries of the remaining three staffers are up to market.

#### *Other Considerations*

Should the Commission approve this phased-in approach, it should also review its fee schedule to ensure it is capturing the hourly rates it charges for staff correctly. This would be earlier than its periodic approach, but it would ensure that the agency fully captures its costs.

In addition, the Commission should also direct staff to review the salaries periodically to ensure that its salary schedule remains fairly competitive to market. The recommendation is that the review should not be for a period longer than five years.

#### Attachments

- Attachment A: Salary Survey
- Attachment B: Proposed Salary Schedule
- Attachment C: LAFCO Resolution L-2018-07