SONOMA COUNTY EMPLOYEE COMPENSATION PHILOSOPHY

2022

Overview

This philosophy statement affirms the County's commitment to compensating its employees in a manner that reflects and furthers workforce equity, retention, diversity and stability. This statement also affirms the County's commitment to base compensation decisions on principles of fiscal responsibility and sustainability, strategic planning, the interests and welfare of the public, transparency and established public sector classification and compensation best practices.

This statement applies to the County's Special Districts and agencies such as the Sonoma County Water Agency, the Sonoma County Community Development Commission, the Sonoma County Agricultural Preservation and Open Space District, and the Sonoma County Fair and Exposition, Inc.

The Board of Supervisors review this statement prior to the start of each labor negotiations cycle to address changes in internal and external employment conditions affecting public employee compensation.

Compensation Philosophy Summary

Fiscal Sustainability and Market Competitiveness

The County's compensation philosophy must be balanced with its obligation to ensure fiscal sustainability. Mandated and critical County services should not be diminished by any on-going compensation increases and increases must be supported by on-going revenue and maintain the County's ability to have sufficient reserves.

Additionally, prior to making any changes to the total compensation package, the County will carefully consider:

- the current and anticipated budget,
- organizational issues,
- fiscal projections,
- internal equity,
- recruitment and retention challenges,
- potential long-term liabilities such as effects on pensionable compensation and post-employment obligations
- current and projected economics.

Sustainability and fiscal responsibility require that both the short- and long-term impacts of changes to the total compensation package are considered. Decisions about total compensation must blend the need to maintain an engaged and effective workforce with the County's duty and responsibility to provide services and programs that the community and the taxpayers pay for and expect.

In advance of each round of labor negotiations, the County will evaluate salary and benefits data to determine the most appropriate compensation objectives for that round of bargaining. This will include data on the cost of living. The County's ability to maintain competitive salaries and benefits in relation to the market average established by the total compensation data will depend on a variety of factors such as the County's fiscal condition and projections, the labor market generally and recruitment and retention data, and comparable data. Consistent with this statement, the County will seriously consider increasing salary and/or benefits for one or more County positions when the total compensation data shows those positions as below 100% of the total compensation average of the surveyed public sector agencies, and/or to maintain appropriate internal relationships between classifications.

It should be noted that Cost of Living Adjustments (COLA) and equity adjustments are not synonymous.

- Equity adjustments are negotiated with the intent of bringing total compensation for particular jobs/classifications in line with the labor market. Recruitment and retention data may also be a factor when considering equity adjustments.

- Cost of Living Adjustments, or COLAs, are negotiated with the intent of providing across the board pay increases to maintain or increase employee buying power and/or ability to maintain their current standard of living in a shifting economy.

Compensation Survey Methodology - Benchmark Classes

The County's compensation structure is based upon sound public sector classification and compensation principles and best practices. Generally, the salary structure is created using benchmark market data. The County surveys a representative collection of County jobs called "benchmark" classes, which are typically used for the purposes of surveying, comparing, and administering the County's full classification and compensation structure. Because it is not a compensation best practice, the County does not survey all job classifications on a regular basis. Generally, benchmark classes are fully trained and experienced journey level classes with comparable duties and/or are classes that are commonly found and utilized in comparison entities.

In the interest of consistency when surveying salary data, the County uses the maximum monthly salary at the comparison entity along with the other total compensation factors detailed below. The County will use a designated set of comparator agencies for units which may have been pre-negotiated and listed in MOUs and will use a calculation methodology that determines the average (mean) by "dropping" the agencies with the highest and lowest total compensation data in the final total compensation calculation. The data set must be statistically relevant, and the County will consider a minimum of four remaining agencies in the final calculation as having sufficient market data. If less than six match classes exist, the highest and lowest may not be removed from the calculation.

Total Compensation Data

In preparation for labor negotiation cycles, County staff will gather and verify data showing total compensation presently provided to County employees in those bargaining units subject to re-negotiation. Staff will attempt to capture pre-negotiated, upcoming COLAs in the calculations for the comparable counties provided they are within a reasonable timeframe of negotiations planning.

While the specific definition will vary from survey to survey, total compensation data is generally considered to include:

- Direct base wage compensation;
- Cash supplements such as other “special pays” for additional employee responsibilities and services;
- Employer contributions to health benefits in the most populated health plans, including medical, dental, and vision;
- Tax deferred benefit plans such as cafeteria (IRS section 125) and deferred compensation (IRS section 457) plans;
- Social security (FICA);

Labor Market Comparators

Historically and generally, the County uses other County agencies for comparators, which is considered to be public sector compensation best practice and is also recognized under the Meyers-Milias-Brown Act (MMBA). Comparators are the County’s market competition many of which are entities with which the County may compete for employees or Counties with similarities in size and scope, population, and services as described below. Due to the close proximity, the County may use the City of Santa Rosa as a comparator for those classifications where a match exists.

The County’s current list of negotiated comparators are:

County Comparators*	**Water Agency Comparators****
• Alameda County • Contra Costa County • Marin County • Napa County • Sacramento • San Luis Obispo County • Santa Clara • Santa Cruz County • San Mateo County • Solano County • City of Santa Rosa	• Alameda Water District • Alameda Zone 7 • Central Contra Costa Sanitation District • East Bay Municipal Utilities District • Marin Municipal Water District • Napa Sanitation District • Delta Diablo Sanitation District • Vallejo Sanitation and Flood Control District

***County Comparators are used for:** SEIU 1021, ESC Local 20, DSA/LEM, SCLEA/SCLEMA, SCPDIA, SCPA, SCDPDAA, WCE (general County positions), Local 39 (general County positions), and Salary Resolution

**Water Agency Comparators are used for specific Water Agency benchmark job classes in WCE, Local 39, and Salary Resolution **This list applies to a specific list of Water Agency job classes that the County has already established by Resolution.

The County may negotiate with the unions to use a specific set of comparator agencies and will also consider when establishing agreements, selecting comparators based upon the following criteria, which are consistent with both other counties' practice and economic factors that determine compensation. The County may apply a weighted value to the criteria when analyzing the appropriate comparators. (The list of comparable agencies that may be used in the most recent survey process is listed on page 3.)

1. Recruitment & Geographic Proximity, as measured by
   a. Number of Applications
   b. Number of Hires
   c. Geographic Proximity
2. Operational Factors, as measured by
   a. Number of Employees (FTE)
   b. Size of Budget
   c. Agency Population Served
   d. Types of Services
3. Economic Profile of Region, as measured by
   a. Median Income
   b. Median Home Price
   c. Average Rent

It is desirable and common practice to have a significantly similar set of comparator agencies for all classifications.

There may be special circumstances that warrant having classifications or professions with different comparator agencies as the general list of comparators for the County.

The County may also consider a different set of comparable agencies for Special Districts and Agencies with classifications that do not exist at the County to obtain sufficient survey data. Important in either of these circumstances is the consideration of whether there are other reasonably acceptable methods to evaluate market data and/or to administer the salaries. In cases where the County may use a different set of comparable agencies, the relevance and applicability of the criteria listed above will be evaluated and applied as appropriate based on the significance of the factor to the agency and the classifications.

Internal Compensation Structure

As noted above, the County's compensation structure is based on benchmark classifications. All other job classifications are administered by an appropriate internal relationship that relates the class back to a benchmark job class. The County strives to establish and maintain appropriate base salary differentials between classes to ensure fairness, acknowledge appropriate distinctions between classes, internal pay equity, professional growth, and to comply with relevant wage laws. The appropriate differential varies depending on classification factors, and in some cases may be negotiated and contained within collective bargaining unit contract language. As a baseline, the minimum differentials the County strives to achieve between distinct classification series[1] levels are:

- 5% between entry/trainee and working level/journey level classes
- 5% between journey and advanced-journey/senior/lead level classes
- 10% between subordinate and first line supervisory level

Administratively, job classes may be "tied" or "linked", based upon comparable levels of scope of responsibility, complexity of duties, required knowledge and abilities, supervisory controls, and other classification factors recognized in public sector classification principles. "Tied" means two classes are compensated the same. "Linked" means there is a specified percentage relationship between the job classes.

When compensation increases impact internal equity, the effects are evaluated broadly, including across different bargaining unit and unrepresented classifications. An additional consideration is that compaction between specialized professional and technical job classes with general management classes may be appropriate.

Distinction for New Job Classifications

Newly developed job classifications must have an initial base salary and incorporated into the County's overall classification structure. Salaries for new job classifications that will be in represented bargaining units are subject to the meet and confer requirements of MMBA, and to the provisions of the applicable MOU. Compensation principles and best practices indicate base salaries for new job classifications are initially established on base salary market data and/or internal comparison and relationships. When there is sufficient comparable market data, the base salary for a newly established job classification should ideally fall within five percent (5%) of the market average (or at the 95% level) for comparably situated public employees, and result in appropriate internal equity, and reflect the ability to recruit and retain employees. Total "cash" may also be a consideration in the analysis.

When establishing new job class' base salary and initially placing new job class' into the overall classification plan, 95% of market average when the data is available is appropriate. When taking into consideration the County total compensation philosophy it can be reasonably assumed a new job class would be at the total compensation market average based on survey data trends over the last several years. The calculation methodology of dropping the highest and lowest base salary in a comparable county to determine the average salary may be used when analyzing an appropriate salary. Once a job classification is established, it is incorporated into the classification and compensation structure and will be subsequently administered pursuant to this Philosophy including the total compensation analysis.

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[1] An example of a distinct classification series would be Eligibility Specialist I, Eligibility Specialist II, Senior Eligibility Specialist, Eligibility Specialist Supervisor