Agenda Report Details (With Text)

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Title:	COMPENSATION AND BENEFITS FOR UNREPRESENTED EMPLOYEE GROUPS - EXECUTIVE MANAGEMENT TEAM, MANAGER GROUP, AND CONFIDENTIAL GROUP				
Sponsors:	Celia Chandler				
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Attachments:	1. Agenda Report, 2. Resolution No. OC SAN 22-27 (EMT), 3. Resolution No. OC SAN 22-28 (Managers), 4. Resolution No. OC SAN 22-29 (Conf Exempt), 5. Resolution No. OC SAN 22-30 (Conf Non-Exempt)				

Date	Ver.	Action By	Action	Result
9/28/2022	1	BOARD OF DIRECTORS		

FROM: James D. Herberg, General Manager
Originator: Celia Chandler, Director of Human Resources

SUBJECT:

COMPENSATION AND BENEFITS FOR UNREPRESENTED EMPLOYEE GROUPS - EXECUTIVE MANAGEMENT TEAM, MANAGER GROUP, AND CONFIDENTIAL GROUP

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

A. Adopt Resolution No. OC SAN 22-27, entitled, “A Resolution of the Board of Directors of the Orange County Sanitation District Approving Salary and Benefit Adjustments for Unrepresented Executive Management Team Employees for Fiscal Years 2022/2023, 2023/2024, and 2024/2025”;

B. Adopt Resolution No. OC SAN 22-28, entitled, “A Resolution of the Board of Directors of the Orange County Sanitation District Approving Salary and Benefit Adjustments for Unrepresented Manager Group Employees for Fiscal Years 2022/2023, 2023/2024, and 2024/2025”;

C. Adopt Resolution No. OC SAN 22-29, entitled, “A Resolution of the Board of Directors of the Orange County Sanitation District Approving Salary and Benefit Adjustments for Unrepresented Exempt Confidential Employees for Fiscal Years 2022/2023, 2023/2024, and 2024/2025”; and

D. Adopt Resolution No. OC SAN 22-30, entitled, “A Resolution of the Board of Directors of the

Orange County Sanitation District Approving Salary and Benefit Adjustments for Unrepresented Non-Exempt Confidential Employees for Fiscal Years 2022/2023, 2023/2024, and 2024/2025".

BACKGROUND

Executive Management Team

There are six (6) Executive Management Team (EMT) employees who provide executive leadership, strategic direction, and department oversight for the Orange County Sanitation District (OC San).

The General Manager is recommending salary range adjustments annually for the next three years that consist of a 4.5%, 4.0%, and 3.5% and corresponding salary increases.

The salary changes and salary range adjustments would take effect the first pay period in July 2022.

Currently, the EMT's salary market position is at the 56th percentile based on refreshed classification and compensation data as of July 2022. The projected market percentile after the three-year increases is 70th, which is in alignment with the Board target of 75th percentile.

The total three-year cost of the recommendations for the EMT is approximately $577,100.

Manager Group

There are fourteen (14) employees in nine (9) manager classifications at OC San who oversee staff within a particular division and align performance with the goals of the agency.

The General Manager is recommending salary range adjustments annually for the next three years that consist of a 4.5%, 4.0%, and 3.5% and corresponding salary increases. Additionally, the General Manager is recommending a one-time payment of $1,500 in the first year for each member of the group hired or promoted as of the last day of the first full pay period in July 2022; and effective the last full pay period in October 2022, OC San will contribute $50 a month to a Health Reimbursement Arrangement (HRA) for all employees in the Manager Group, per Internal Revenue Guidance Rev. Rul. 2002-41 and Rev. No. 2002-45.

The salary changes, salary range adjustments and benefit changes would take effect the first pay period of July 2022.

Currently, the Manager Group's salary market position is at the 65th percentile based on July 2022 data. The projected market percentile after the three-year increases is 77th, which is in alignment with the Board target of 75th percentile.

The total three-year cost of the recommendations for the Manager Group is approximately $846,016.

Confidential Group

There are currently fourteen (14) exempt professional confidential employees and two (2) non-exempt administrative confidential employees at OC San. Confidential employees are those employees who, with authorized access, assist and act in a confidential capacity to and for persons

who formulate, determine, and effectuate management policies with respect to labor relations.

The General Manager is recommending salary range adjustments annually for the next three years that consist of a 4.5%, 4.0%, and 3.5% and corresponding salary increases. Additionally, the General Manager is recommending a one-time payment of $1,500 in the first year for each member of the group hired or promoted as of the last day of the first full pay period in July 2022; and for employees covered by OCERS Plans B and U and who participate in the deferred compensation plan, a matching contribution to their 457(b) deferred compensation plan of up to $235 (professional-exempt employees) or $160 (administrative non-exempt employees).

The salary changes, salary range adjustments, and benefit changes would take effect the first pay period of July 2022.

Currently, the Confidential Group's salary market position is at the 75th percentile based on June 2022 data. The projected market percentile after the three-year increases is 78th, which is in alignment with the Board target of 75th percentile.

The total three-year cost of the recommendations for the Confidential Group is approximately $697,370.

For all three unrepresented groups, the General Manager recommends moving to the enhanced dental plan negotiated with the SPMG and OCEA groups, which includes an increase to the annual plan maximum and the lifetime orthodontic maximum for plan year 2023. The three-year cost to move all three represented groups to the enhanced plan is approximately $13,703 in total.

The total cost of the recommendations for Executive Management Team, Manager, and confidential employee classifications is approximately $2,120,486 over the three-year term.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Offer competitive compensation and benefits
- Cultivate a highly qualified, well-trained, and diverse workforce
- Maintain positive employer-employee relations
- Provide professional growth and development

PROBLEM

With the adoption of the Memoranda of Understanding (MOUs) between OC San and employees in the Supervisory and Professional Management Group (SPMG) and Orange County Employees Association (OCEA), it is customary to align compensation and benefits for Executive Management Team employees, Manager Group employees, and similarly situated unrepresented Confidential Group employees, consistent with past Board action.

PROPOSED SOLUTION

Adopt Resolution Nos. OC SAN 22-27, OC SAN 22-28, OC SAN 22-29, and OC SAN 22-30. This would provide the Executive Management Team, Managers Group, and Confidential Group salary

and benefit enhancements in alignment with represented bargaining units for Fiscal Years 2022/2023, 2023/2024, and 2024/2025 and ensure internal alignment across employee groups and prevent salary compaction with subordinate classifications.

TIMING CONCERNS

The Board of Directors ratified three-year MOUs for labor contracts with SPMG and OCEA at the meeting held on July 27, 2022. Historically, salary and benefit adjustments for unrepresented employees are approved the month following adoption of MOUs.

RAMIFICATIONS OF NOT TAKING ACTION

Not taking timely and similar action on salary and benefit adjustments for unrepresented employees in the Executive Management Team, Manager Group, and Confidential Group may impact employee morale, loss of personnel, and create salary compaction with subordinate classifications.

PRIOR COMMITTEE/BOARD ACTIONS

July 2022 - Approved Resolution Nos. OC SAN 22-22 and OC SAN 22-23, adopting the MOUs with the SPMG and OCEA bargaining units for Fiscal Years 2022/2023, 2023/2024, and 2024/2025.

September 2019 - Approved Resolution Nos. OCSD 19-13, OCSD 19-14, OCSD 19-15 and OCSD 19-16, authorizing salary increases, salary range adjustments, and benefit changes for employees in the Executive Management Team, Managers Group and Confidential Group for Fiscal Years 2019/2020, 2020/2021 and 2021/2022.

ADDITIONAL INFORMATION

The Board of Directors ratified three-year labor contracts with SPMG and OCEA at the meeting held on July 27, 2022. Historically, salary and benefit adjustments for unrepresented employees including the EMT, Managers Group, and Confidential Group have aligned with those approved for SPMG and OCEA, and have typically been approved the month following adoption of those MOUs. Alignment prevents compaction and maintains OC San’s pay structure and market position.

CEQA

N/A

FINANCIAL CONSIDERATIONS

This item is budgeted in each Fiscal Year budget.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Resolution No. OC SAN 22-27
- Resolution No. OC SAN 22-28

- Resolution No. OC SAN 22-29
- Resolution No. OC SAN 22-30