AD HOC COMMITTEE ON BOARD OF SUPERVISORS COMPENSATION

RECORD OF ACTION FOR
May 12, 2015

Rick Wise, East Bay Leadership Council, *Chair*
Margaret Eychner, Contra Costa Taxpayers' Association, *Vice Chair*
Michael Moore, Member, Contra Costa County Civil Grand Jury, *Secretary*
Margaret Hanlon-Gradie, Central Labor Council of Contra Costa County, AFL-CIO
Stuart McCullough, Contra Costa Human Services Alliance

Facilitator: Stephen L. Weir, Contra Costa County Administrator's Office

Present:	Chair Rick Wise
	Vice Chair Margaret Eychner
	Secretary Michael Moore
	Stuart McCullough
Absent:	Margaret Hanlon-Gradie
Staff Present:	Stephen L. Weir, Facilitator
	Julie DiMaggio Enea, CAO Staff

1. Call to Order and Introductions

   Chairman Wise called the meeting to order at 3:07 p.m.

2. Public comment on any item under the jurisdiction of the Committee and not on this agenda (speakers may be limited to three minutes).

   No members of the public asked to speak under public comment.

3. RECEIVE and APPROVE the Record of Action for the May 7, 2015 Ad Hoc Committee on BOS Compensation meeting.

   Michael Moore disagreed that the committee had reached consensus on including the calculated value of the post-employment pension benefit for each county in the total compensation analysis. The Committee reviewed the portions of the minutes that referenced the pension element and concluded that the language as presented was broad enough to leave the Committee discretion to decide this point once all the data had been gathered.

   The minutes were approved as presented.

AYE: Stuart McCullough, Chair Rick Wise, Secretary Michael Moore, Vice Chair Margaret Eychner

Other: Margaret Hanlon-Gradie (ABSENT)

Passed

4. RECEIVE compilation of research data requested by the Committee on May 7 and provide direction to staff on next steps.

The Committee reviewed the Peer County Comparison Chart on page 41 of the packet. Michael Moore explained why he thought the estimated value of the pension benefit assuming 8 years of service and age 55 should not be included in the total compensation analysis and why the estimated County contribution to pension based on employer "normal" contribution should be included. He stated that the analysis should be based on total annual compensation only, and other benefits beyond annual compensation should be considered on a qualitative basis.

Staff clarified that the employer pension contribution for active employees is one aspect of the value of the pension benefit but that the quality of the post-employment pension benefit varies widely from county to county. Staff noted that some counties have chosen to keep salaries low and put more compensation in the employee benefits package and vice versa, so in order to see the complete compensation package, the pension benefit would need to be an element in the analysis. Staff commented that her analysis used the same assumptions (two elective terms of office = 8 years at age 55) for all nine counties in the analysis. The only variables in the staff analysis of pension benefit are the age 55 factor and base salary.

Stuart McCullough referenced the May 11 Capitol Alert article (on page 52 of the packet), reporting that a California Citizens Compensation Commission approved a 3% pay raise for the Governor and legislators after acknowledging that the officials were still 19.6% below pre-recession pay. He thought it was a good idea to put the decision solely in the discretion of the Commission. Steve Weir added that while Santa Barbara County prepared a very methodical analysis of their Board's compensation, the Board ultimately granted itself a CPI adjustment instead of the 9% supported by a majority of the Commission.

The discussion moved to the potential for the Committee to recommend, and the willingness of the Board to adopt, legislation that would make the recommendations of future BOS Compensation Committees binding on the Board, in order to remove the Board's discretion over setting their own salaries. Staff advised that the Board could adopt such an ordinance but that it would be technically symbolic because the Board could, at a future date, modify or repeal the ordinance. Also, the Board may not adopt policies with the intention of binding or limiting the powers of their successors.

Staff explained the Peer County Comparison, which was updated and reformatted from May 7 version. She advised that the HR Labor Relations Unit was preparing the health plan comparisons, which should be available for the May 28 meeting. The comparison would be made using similar Kaiser Single and Kaiser Family plans. She recommended excluding the Other Insurance category because it was difficult to

obtain from other counties and relatively insignificant to total compensation. She explained how the elements, when added to base salary, roll up to total (estimated) annual compensation. The chart currently adjusts Total Est Compensation by a geographic cost-of-living factor supplied by RelocationEssentials.com to account for the differences in cost of living between Contra Costa and each peer county, which is reported as Adjusted Annual Compensation. Staff reported that she planned to contact the County's economic consultant, Beacon Economics, to develop a second methodology that will help determine the veracity of these factors. Stuart suggested using GNP (Gross National Product) growth for each county as a possible factor.

Michael commented that the Committee, in the interest of thoroughness, should additionally look at the annual stipends that Board members receive for representing the County on outside boards because the stipends can be substantial. Steve commented that all Board members in the peer counties likely receive comparable stipends for representing their boards on regional bodies. Staff commented that most of the Board member assignments change annually and the amount of stipend received would depend on meeting attendance. Margaret Eychner and Michael suggested taking an average for each member using the FPPC Form 806 for each county and the Committee agreed. Staff agreed to do this for the Committee's consideration at the May 28 meeting.

Staff explained that she segregated and moved the two post-employment benefits to the top of the comparison chart and the Committee could decide their relevance when all the data had been collected. Michael suggested that the post-employment benefits should be moved to the bottom of the chart and should not be rolled into any "total" line but should be considered separately, on a qualitative basis. Staff agreed to provide the new format at the next meeting.

Rick Wise asked about mileage reimbursement. Staff explained that, unlike the peer counties, Contra Costa's auto allowance is supplemented by mileage reimbursement at the current IRS rate (based on fixed and variable costs of operating an automobile, including depreciation, insurance, repairs, tires, maintenance, gas and oil). Margaret Eychner thought there may be merit in reporting salary add-ons as salary and not showing them as distinct elements. The Committee as a whole thought the distinct elements should be identified.

Steve contrasted the Total Annual (estimated) Compensation number in the Peer Comparison Chart (page 41) with the BOS Payroll Chart that was in the April 9 packet, Item 5, and asked for confirmation that the primary difference was in the County's retirement contribution. Staff advised that the primary differences were that (1) the Peer Comparison Chart uses only the County's contribution to the "normal" portion of the contribution rate and (2) the BOS Payroll Chart reflects statutory payroll costs such as FICA, worker's compensation insurance, and unemployment insurance, which are not reflected in the Peer Comparison Chart. The Committee recognized that it was not necessary to include Social Security/Medicare taxes and workers' compensation and unemployment insurance in the total compensation analysis, even though they are payroll costs.

Steve moved to the Board of Supervisors Salary Comparison Chart (page 39 of the packet) and explained the significance of the various percentile calculations and how the Committee might use them. Staff reported that the County Administrator ballparked a 15-18% wage gap between County salaries and the median market wages of comparable public employees, but that the estimate was not based on a comprehensive study. The Committee asked if the County Administrator could provide his estimate in writing. The Committee also requested staff to provide at the next meeting the County cost per 1% of general salary increase.

Margaret Eychner asked staff to verify the County's policy changes since 2008 with respect to the retiree health benefit and vesting.

Steve mentioned that he has begun drafting a Committee report and would like to present a draft of that report at the Committee's June 4 meeting. The May 28 meeting will be used to examine the remaining data and see if the Committee could reach consensus on recommendations. Staff indicated that the meeting packet for the May 28 meeting would likely be published on May 22.

5. The Committee will neither meet on May 14 nor May 21. The next meeting is currently scheduled for May 28, 2015.

6. Adjourn

Chairman Wise adjourned the meeting at 4:54 p.m.

For Additional Information Contact:

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