



Midpeninsula Regional  
Open Space District

## **MIDPENINSULA REGIONAL OPEN SPACE DISTRICT**

### **ACTION PLAN AND BUDGET COMMITTEE**

Administrative Office  
5050 El Camino Real  
Los Altos, CA 94022

**Tuesday, December 10, 2024**

### **DRAFT MINUTES**

#### **CALL TO ORDER**

Chair Riffle called the meeting of the Action Plan and Budget Committee to order at 1:31 p.m.

#### **ROLL CALL**

Members present: Craig Gleason, Karen Holman, Curt Riffle

Members absent: None

Staff present: General Manager Ana M. Ruiz, General Counsel Hilary Stevenson, Assistant General Manager Susanna Chan, Assistant General Manager Brian Malone, Chief Financial Officer/Director of Administrative Services Stefan Jaskulak, District Clerk/Assistant to the General Manager Maria Soria, Executive Assistant/Deputy District Clerk Stephanie Gross, Human Resources Manager Candice Basnight, and Human Resources Supervisor Rebecca Wolfe, and Controller Mike Foster

#### **ADOPTION OF AGENDA**

**Motion:** Director Holman moved, and Director Gleason seconded the motion to adopt the agenda.

**ROLL CALL VOTE: 3-0-0**

#### **ORAL COMMUNICATIONS**

District Clerk Maria Soria reported there were no public speakers for this item.

**COMMITTEE BUSINESS**

**1. Approve the June 12, 2024 Action Plan and Budget Committee Meeting Minutes**

Public comment opened at 1:32 p.m.

Ms. Soria reported there were no public speakers for this item.

Public comment closed at 1:32 p.m.

**Motion:** Director Gleason moved, and Director Holman seconded the motion to approve the June 12, 2024 Action Plan and Budget Committee meeting minutes.

**ROLL CALL VOTE: 3-0-0**

**2. Additional Information and Analysis for, and Recommended Amendments to, the Compensation Philosophy (R-24-145)**

Chief Financial Officer/Director of Administrative Services Stefan Jaskulak gave the staff presentation, noting that staff provided an informational presentation to the full Board of Directors (Board) on September 25, 2024, on the District's Compensation Philosophy, comparator agencies and potential updates to consider. At the September meeting, the Board asked several questions and directed staff to present additional information and a final recommendation to the Action Plan and Budget Committee prior to returning to the full Board. He then reviewed the benefits and optional programs provided to staff.

Chair Riffle noted there had been a previous request to ensure staff is made aware of all available benefits to them at least once per year and asked how staff is being informed of the benefits.

Mr. Jaskulak stated that there are periodic trainings or webinars on various benefits as well as the open enrollment period in the fall of every year.

General Manager Ana Ruiz added that the benefits list was also recently shared to all District staff and that the benefits are discussed during onboarding.

Human Resources (HR) Supervisor Rebecca Wolfe reaffirmed that a matrix is provided during the onboarding process, summarizing the benefits offered to new employees. She mentioned that staff is working on creating a more visually appealing and comprehensive brochure for staff. Additionally, she highlighted that pay stubs include certain benefits, reflecting both employee and District contributions to their benefits. She noted that additional solutions and options are being explored with the benefits broker and suggested that there may be a possibility of consolidating the information into a comprehensive one-page summary for staff.

Chair Riffle commented that he often underestimated the amount his employer contributed to his benefits and encouraged making sure that at least once a year staff is reformed about their benefits.

Human Resources Manager Candice Basnight added that through the system where staff submits their timecard, there is a breakdown for every pay period showing how much the District is contributing to their benefits.

Chair Riffle noted that the District pays 45% of base wages for benefits and asked how the District compares to other agencies.

Mr. Jaskulak stated that the District is in alignment with other agencies and noted that the District does have some slightly greater benefits.

Director Gleason inquired whether there are any benefits that are underutilized, suggesting that they could be more widely publicized to increase participation.

Director Holman asked if personal leave includes maternity or paternity leave.

Mr. Jaskulak explained that everyone at the District is allocated 36 hours of personal leave, and maternity and paternity fall under the Family and Medical Leave Act (FMLA), which is a federal mandate.

General Counsel Hilary Stevenson stated that staff is currently updating the Personnel Policies & Procedures (PP&P), which apply to all employees, and that the FMLA benefit is described in detail in the PP&P and that there is also a California equivalent known as the California Family Rights Act. She stated that the District offers leaves that are more generous than what is required by the law. The updated PP&P will be presented to the Board in 2025, and at that time, the Board will have an opportunity to talk through those additional types of benefits.

Director Holman commented that even though these leaves are state and federally-mandated, she suggested adding them to the list of benefits, as well as bereavement leave.

Ms. Ruiz stated that staff will review the PP&P and pull out any additional benefits that are not listed as part of the presentation to ensure they are captured and visible.

Mr. Jaskulak continued the presentation and reviewed the leave data as of March 2023 for the unrepresented classification. He explained that employees are offered 15 days of vacation, 12 holidays, and 36 hours of personal leave time per year. He indicated that the District's leave is consistent with other agencies. He also noted that the 36 hours of administrative leave is the base amount, and depending on the staff member's position, whether they are exempt, and their involvement in extensive after-hours meetings and activities beyond the eight-hour work day, the administrative leave could be higher. For hourly employees, overtime is either paid or accrued. He then went on to explain using median versus mean/average, and the concept of living wage.

Chair Riffle mentioned that the Board received feedback from staff at the previous meeting and through Written Public Comment that housing is a significant issue and asked how the Living Wage Calculator considers housing and whether it is based on being able to rent housing.

Mr. Jaskulak replied that it is based on having basic access to housing, which therefore looks at rentals versus ownership as the starting point.

Ms. Ruiz added that the living wage calculation is done by geography, and it does take into account the unique circumstances for each area. She pointed out that housing in this area is very different compared to other regions, and this issue is a reality for every public agency in the Bay Area.

Mr. Jaskulak returned to the presentation and reviewed the use of Personal Consumption Expenditure (PCE) Price Index versus Consumer Price Index (CPI). He also highlighted the base wage adjustment (BWA) versus the CPI versus the PCE. Over the past 13 years, the District's base wage adjustments have exceeded both the CPI and PCE. Moreover, the CPI-U over the last 13 years has more closely reflected the BWA as compared to PCE, which has been lower. Therefore, continuing to use CPI-U versus PCE to inform the District's future BWA is recommended.

Mr. Jaskulak then defined compensation studies as the process of thoroughly reviewing comparator agencies and compensation for the same or similar classifications of public sector positions. In order for the studies to be effective, it is important to collect data from suitable comparators. Since 2013, studies have been conducted using the Board-approved list of 14 comparator agencies. The initial comparative agency analysis was conducted looking at several indicators such as demographics, financials, and scope of services to develop the list. Of the 28 analyzed agencies, 13 were identified as the top ranked. As part of the process of reviewing the compensation philosophy, staff have been revisiting the comparator list. In September, the Board suggested including SamTrans and other special districts as part of the comparator evaluation process. This comparator evaluation ranks the suitability of agencies based on 6 criteria: geographic proximity, open space acreage, full time equivalents, agency expenditure, cost of living, and comparable services. As part of this process, staff recommends excluding agencies from the list that are not located within the region, namely County of San Diego, City of Boulder, and County of Riverside. Mr. Jaskulak then mentioned there was a request from staff to add the City and County of San Francisco, mainly Parks and Recreation/PUC. To include this agency, which ranks well, Hayward Area Recreational District should also be included since they are also a similar match with a slightly better score than San Francisco. Finally, SamTrans and Valley Transportation Agency were also evaluated but ranked low due to insufficient matches for the District's benchmark classifications.

Mr. Jaskulak stated that based on the comparator analysis and findings, Gallagher was asked to update the compensation survey they conducted for 12 sample classifications to include the proposed new comparator agency list, which includes Hayward Area Recreation District and City/County of San Francisco Parks and Recreation/PUC, for a total of 15 comparator agencies. He stated that using the original 13 proposed agencies to the proposed 15 agencies did not make a difference statistically. The numbers are tracking very closely.

Mr. Jaskulak then continued to review the Cost of Labor (COL) modifier. He explained that the COL is applied when an agency is located in a region where the cost of living differs from where the District is located. The COL data is provided by the Economic Research Institute (ERI), which has been conducting this type of analysis for 30 years. He provided an example of a position and how the COL is applied. Next, he reviewed the Compensation Philosophy Analysis options. Lastly, he reviewed the General Manager's recommendations for updating the comparator agencies list and for defining a competitive salary as median plus 10% of comparable agencies. Furthermore, he also noted the other proposed changes within Board Policy 2.03

*Employee Compensation Guiding Principles*, including eliminating the 60<sup>th</sup> percentile cap and eliminating the practice of Y-Rating existing employees.

Mr. Jaskulak stated that the recommended median plus 10% is estimated to result in a fiscal impact of \$2M dollars in salary costs and there will likely be a small cost associated with updating the comparator agencies. He noted that changing the compensation philosophy does not immediately result in an automatic increase to the individual employee compensation. Instead, if the recommendations are approved by the Board, Gallagher will be asked to complete new compensation surveys using the updated comparator list and the new compensation philosophy. Gallagher's work can be completed within the next three months. The new compensation survey results will then be used to determine if a classification needs to be reassigned to a new salary range in the classification and compensation plan. He noted that if the survey shows compensation is at or above the new target, no adjustment is needed, and no Y-rating will be made to an individual employee. Employees will continue to be eligible for all applicable pay practices. If the survey shows compensation is below the new target, then the appropriate adjustment is applied to the classification. Individual employees would move to a step in the new range closest to, but not less than, their current hourly rate. If an employee is currently eligible for longevity pay, or meritorious pay for at-will managers, the employee will be moved from step 10 to a lower step in the new range and will be eligible for annual merit increases when they reach step 10 (top step) of the new range. Employees will be eligible for longevity pay or meritorious pay once they reach step 10 in the new range.

Lastly, he reviewed the implementation schedule. Pending the affirmation of the ABC Committee, staff intends to present the General Manager's recommendation with any requested changes from the ABC Committee to the full Board on January 22, 2025. Pending Board approval, the next steps include having Gallagher conduct the new compensation surveys for 52 benchmark classifications from February through early April. Then through the end of April, Human Resources would review and analyze the Gallagher results and revise the District's classification and compensation plan accordingly. Lastly, in June, the Board would consider the applicable changes to the classification and compensation plan, with salary changes becoming effective the pay period that includes July 1, 2024.

Mr. Jaskulak noted that separately all employees will receive a 3% base wage adjustment on July 1<sup>st</sup> as previously approved by the Board. He added that there is a reopener with the Field Employee Association, and there will also be a discussion with the Peace Officer Association regarding the proposed changes to the compensation philosophy. He stated that the goal is to apply the same timeline for represented employees, however, due to the nature of the negotiation process, the timeline may not end up being the same if discussions are prolonged.

Director Gleason commented that at the last meeting, Ms. Basnight mentioned that some staff had left the District for lateral moves. He asked how frequently staff are leaving and whether salary is truly the primary factor influencing their decisions.

Ms. Basnight stated that recently, a Management Analyst chose to leave for a higher-paying position in a nearby city, despite preferring to stay with the District. While many employees leave for clear promotional opportunities, the most concerning departures are lateral moves, particularly when highly promotable individuals leave. She stated that strengthening the compensation philosophy could help make the District more competitive and improve retention.

Director Gleason asked if the median plus 10% would help retain staff.

Ms. Basnight concurred and stated that the Compensation Philosophy can help keep staff longer and attract other talent.

Director Holman asked about the implications of moving to median plus 10% as it pertains to the comparable agencies.

Mr. Jaskulak noted that the workforces of some comparator agencies are much larger, and unlike those agencies, the District is not trying to move the overall market trend but rather make adjustments sufficient to attract and retain employees. He also emphasized the District's unique single-mission focus, which draws people to work at the District.

Director Gleason suggested including the number of comparable positions within other agencies and municipalities when staff presents to the full Board.

Mr. Jaskulak agreed and will include the numbers when presenting to the full Board.

Chair Riffle asked the Controller Mike Foster to provide his input on the financial impact of the proposal.

Mr. Foster explained that all of the District's existing and long-term plans are included in his 30-year financial model, which is regularly updated as new information becomes available. He stated that the General Fund revenue is strong enough in the model to cover all anticipated expenses, even with conservative projections. However, since the estimated cost of the new staff facilities has increased higher than forecasted, it has now cut down the approximately \$40M dollars potentially available in the General Fund. He stated that he has added the additional salary costs of \$2M dollars to his model, allocating \$1M dollars in the first year and \$500,000 each of the following two years. His resulting projections are very balanced, however, there will be no extra money remaining in the General Fund. He noted that he is satisfied, and it is completely affordable. He also believes that increasing the maximum salary is important as having the expanded career ladders to help retain staff.

Chair Riffle asked when the career ladder adjustments will be implemented.

Mr. Jaskulak responded that staff has already started to examine the career ladder adjustments but emphasized the need to approach it in phases. The current phase is focusing on reviewing the compensation philosophy and comparators, with the goal of completing this by the beginning of the next fiscal year. After that, the team will then begin working on the career ladders. He explained that addressing the career ladders will take time because the organization has different career progression structures across various departments. Each department and job series will be reviewed to determine where and how career ladders can be added.

Chair Riffle asked for clarification regarding a question raised by staff about longevity benefits if they promote or reclassify from a top tier classification.

Mr. Jaskulak explained District practice for promotions and reclassifications. Employees are eligible for longevity pay when they have been with the District for 10 or more years and when they are at the top step of their salary range. Both requirements must be met to receive the longevity pay.

Ms. Ruiz noted that longevity does not affect the base wage. She explained that if a position shifts and additional salary steps are added, the employee will benefit from an increased annual base wage, which can improve their retirement formula. Eventually, when the employee reaches the top step again, their longevity pay formula will also increase based on their new top base wage.

Chair Riffle asked staff to provide their input to ensure his clarity on the proposed changes to the wording on Board Policy 2.03 *Employee Compensation Guiding Principals* - guiding principal number 6 - where it states "To that end, the Board grants the General Manager authority to adjust base wages for a classification or classifications to allow for appropriate internal alignment between classifications so long as those wages are not below median plus ten percent of the comparator agencies."

Ms. Wolfe clarified the intent of the language is to provide the General Manager with the authority to make salary adjustments when conducting studies. If market data shows that certain positions are too close together in a career ladder, the General Manager would have the ability to adjust salaries to maintain internal alignment and prevent compression, without reducing any salaries below the new compensation philosophy target. Currently, the General Manager has the authority to make adjustments within a 5% range, but this may not be enough depending on the market data. The proposed language would allow for more flexibility to make those adjustments without needing to return to the Board each time.

Ms. Ruiz referred back to longevity pay to add that longevity pay was introduced not only because of tenure but also as a way to recognize that once employees reach the top step of the salary range, there are no further steps for them to advance. After that point, the only potential increase they can expect is an annual base wage adjustment, which may or may not be granted by the Board. The purpose of longevity pay was to provide an incentive for employees to stay beyond their top step, and she wanted to clarify that the two factors of tenure and reaching the top step are key for eligibility of longevity pay.

Chair Riffle asked how the District can adjust to be more proactive with how it reviews its compensation.

Mr. Jaskulak suggested that salary surveys, which are now planned every three years for the entire organization, would help identify any issue areas. These regular surveys would provide alerts if compensation or benefits need adjustments, offering a cue to reevaluate the philosophy or make salary changes as needed.

Ms. Basnight shared that the District is tracking key metrics such as vacancy rates, retention, and other factors as required by law. She emphasized that the team is closely monitoring retention rates and using environmental scans to stay aware of trends. Furthermore, she believes that these efforts, combined with the upcoming addition of career ladders, will make a significant positive impact on staffing and retention.

Public comment opened at 2:56 p.m.

Ms. Soria reported there were no public speakers for this item.

Public comment closed at 2:56 p.m.

Director Gleason thanked staff for their efforts in considering and bringing forward these proposals. He expressed his belief that the pay philosophy is on track and that the current proposal is a positive step forward. He also expressed eagerness for the upcoming career ladders discussion, noting that if there are opportunities to simplify or expedite the process, it would be great.

Director Holman concurred with Director Gleason comments. She moved the General Manager's recommendation and added that the presentation to the full Board include the number of comparable positions in other agencies and municipalities as stated by Director Gleason's comments in the earlier discussion.

Mr. Jaskulak agreed to provide the information in the Board presentation.

**Motion:** Director Holman moved, and Director Gleason seconded the motion to affirm, with any changes requested by the Action Plan and Budget Committee, that the recommended amendments to Board Policy 2.03 *Employee Compensation Guiding Principles* are ready to be forwarded to the full Board of Directors. In addition, that the presentation to the full Board include the number of comparable positions in other agencies and municipalities

**ROLL CALL VOTE: 3-0-0**

Chair Riffle inquired of his colleagues if they had any coaching for staff when this item goes back to the full Board.

Director Holman suggested having the same staff available to answer questions from the Board when this item is presented to the full the Board.

**ADJOURNMENT**

Chair Riffle adjourned the meeting of the Action Plan and Budget Committee of the Midpeninsula Regional Open Space District at 2:59 p.m.

Stephanie Gross, Deputy District Clerk  
Maria Soria, District Clerk