

Grand Jury Report 2010-AF-01:

Board of Supervisors Salaries

Required Response:

Pursuant to California Penal Code Sections 933 to 933.05, response to the Findings and Recommendations of this report shall be provided as follows:

- **The Humboldt County Board of Supervisors** shall respond to Findings 1 through 4 and Recommendations 1 through 3.

Background:

A complaint was filed with the 2009-2010 Grand Jury bringing up the discrepancy between Supervisorial salaries of the lesser populated Humboldt County and the slightly larger Shasta County. After an initial review of the salary schedules, and the fact that the Grand Jury is empowered to review the Supervisor's salaries and had not undertaken a review recently, it was determined that a full review of the Supervisor's salary schedule was warranted.

Determining the appropriate salary for the County's top decision makers is not a simple or easy task. Since these individuals control public monies of a budget approaching nearly one-third of a billion dollars, it is important that the monies paid them be fair, reasonable and acceptable to those who are the contributors of these monies. Over the years the determination of BoS salaries has encompassed such diverse methods as:

1. Comparing salaries with those of a group of five counties of similar size and with similar governance structure. The five counties within this group were Butte, Shasta, Mendocino, Yolo and Napa.
2. Linking the salaries to that of a Superior Court judge. For many years BoS pay was set at a level that was 40% that of a Superior Court judge.
3. The current method is left to the BoS "as they deem appropriate". It appears that Staff has routinely linked their recommendation, on a percentage basis, to that raise given to the County's largest employee bargaining unit.

In July 2009, despite a severe economic downturn, base salaries of the BoS were adjusted upwards by 3%. This increase was implemented with no apparent current analysis or research into the necessity or timeliness of the increase. The increase was originally approved in September 2008 and is evidenced by the amending of Section 213-1 of Chapter 3 of Division 1 of Title II of the Humboldt County Code.

This increase was originally linked to that of the County's largest employee bargaining unit and then reduced by the BoS in session . It has resulted in a base annual salary of \$79,208 per year, or \$ 6,600/month. This base salary is currently scheduled to adjust upwards on June 27, 2010 to \$81,584/year, or \$6,799/month. In addition to this base amount, there is a provision for more monies to be added for years of service, commonly referred to as longevity pay. This longevity pay could increase a qualified Supervisor's pay by an additional 10% to a level of approximately \$89,742/year (\$7,478 month). In addition to the base salary amounts, the inclusion of medical, retirement, travel, vacation and other benefits substantially increase the overall compensation package of a sitting Supervisor.

Report:

The Grand Jury undertook a review of the salary structure of the County's Board of Supervisors. As a basis for this review, it sent out a survey questionnaire to all 57 of the other California counties. The results of this survey, plus other collected information, were then analyzed to rank and compare objectively Humboldt County's BoS pay scale with other those of county's of similar size, region, and economic and governance structure. Not knowing with certainty the rationale for abandoning the below-listed historic methods of determining appropriate BoS salary levels, comparative results from these methods also were calculated. Review of the public testimony and resulting discussions of increasing the Supervisor's pay level did not reveal any rationale, research or analysis as to why an increase was warranted.

Data and Analysis

(NOTE: Humboldt County dollar figures have been extracted from actual County ordinances and rounded to the nearest dollar)

A. Historic Five-county methodology/comparison

<u>County</u>	<u>BoS monthly salary (2009)</u>
Butte	\$4,417/mo
Shasta	\$4,500/mo
Mendocino	\$5,666/mo
Yolo	\$4,916/mo
Napa	\$7,136/mo
<i>Average</i>	<i>\$5,327/mo</i>
Humboldt	\$6,600/mo

Humboldt County is currently 24% above what would have been reflected by the compared counties

B. Historic Forty-Percent-of-a-Superior's-Court-Judge's-Salary methodology/comparison

2009 Judge's salary = \$14,899/mo

40% = \$5,959/mo

Humboldt (2009) = \$6,600/mo

Humboldt County is currently 11% above what would have been the monthly amount had the methodology not been changed.

C. Surrounding and Regional Counties methodology/comparison

Another method compared nearby surrounding and regional counties, since these counties appeared to share similar economic bases and similar governance issues.

<u>County</u>	<u>BoS monthly salary (2009)</u>
Del Norte	\$3,340/mo
Trinity	\$2,084/mo
Mendocino	\$5,666/mo
Shasta	\$4,500/mo
Siskiyou	\$2,943/mo
<i>Average</i>	<i>\$3,706/mo</i>
Humboldt	\$6,600/mo

Humboldt County is currently 78% above the average of the surrounding and neighboring counties in the region.

D. Population-based methodology

Another method that appears to have merit compares counties based on similar population parameters. The workload per citizen should be somewhat commensurate and thus the time invested by the BoS should be somewhat similar and relative. The parameters chosen were counties with populations within a 50%+- range of Humboldt County's 2006 population estimate of approximately 132,000. The State's 2006 population estimates for the various counties was deemed most reliable and was used as the baseline population. This resulted in a population range between 66,000 and 198,000 for the selection of the comparative counties. (Source: State of California Franchise Tax Board's comparison by county.)

<u>County</u>	<u>Population</u>	<u>BoS Monthly Salary (2009)</u>
Yuba	70,000	\$4,015
Mendocino	89,000	\$5,666
Sutter	93,000	\$2,872
Nevada	99,000	\$3,287
Napa	134,000	\$7,136
Marin	146,000	\$8,939
Kings	150,000	\$4,159
Imperial	169,000	\$4,255
El Dorado	177,000	\$6,406
Shasta	180,000	\$4,500
Yolo	193,000	\$4,916
<i>Average</i>		<i>\$5,104</i>
Humboldt	132,000	\$6,600

Humboldt County is currently 29% above the average salary of counties similarly grouped by population.

Conclusions

By all of the above comparative methodologies, it is apparent that the Humboldt County BoS salary scale consistently ranks above the average for all comparative groups. A summary of the above groupings shows the following:

<u>Methodology/Comparison</u>	<u>Humboldt (as a percentage of the average)</u>
Historic Five County	124%
Historic Superior Judge	111%
Surrounding/Regional County	178%
Similar Relative Population	129%

The current method used by Humboldt County appears to have resulted, over time, in an ever-increasing level of Supervisors' pay. Had one of the "Historic" adjustment procedures remained in place the Supervisor's salaries would be 11%-24% below today's level and more in line with the comparative groups. This consistent "above average" ranking seems to indicate a flaw or bias in the current adjustment methodology. Even discarding the high and low extremes in the comparative groups, it seems to indicate that the current methodology is producing salary adjustments that have resulted in Humboldt County's BoS pay scale being 26.5% above the combined comparative averages.

Humboldt County BoS salary levels are also adjusted by a “longevity” factor that can increase certain qualifying Supervisors pay by an additional 10%. While this type of an adjustment is used in a limited number of other counties, it seems particularly inappropriate in Humboldt County, given the current above-average salaries already in place. It also seems to detract from the doctrine of fairness which has been historically evident in public servant positions. It seems to embody the doctrine of which “unequal-pay-for-equal-work” is the primary focus.

Having the Staff recommend increases by linking Supervisor pay to that of a bargaining unit's negotiated raise appears to set in place a situation in which the negotiator for the public (the BoS) receives the same reward as does the negotiator across the table. Some type of analysis of need or peer group comparison appears to be also warranted. This would remove the appearance of tainting the integrity of the process and provide more evidence of transparency.

In a time when other public and private entities are enduring salary reductions, furloughs and other cost-cutting actions, it seems inappropriate that no analysis or research was publicly provided to substantiate the logic of a salary increase. The fact that several of the Supervisors did not take all of the salary increase does not address the problem of the continually upward spiral of the BoS salary schedule. Without addressing the adjustment criteria of setting the Supervisors' salary, the gap between the median income of the average County citizen (currently one third that of the BoS) will continue to widen.

Findings:

1. The current methodology for setting the salary level of the Humboldt County Supervisors has resulted in a salary structure significantly above the two “historic” methodologies/comparisons (described in A and B above) which were previously used to determine salary levels. The two abandoned methodologies would have resulted in salary levels 11-24% below today's salary levels.
2. The current methodology for setting the salary levels of the Humboldt County Supervisors has resulted in today's salary levels being 78% higher than the average salary of the surrounding and regional counties with similar economies and governance structure.
3. The current methodology for setting the salary level of the Humboldt County Supervisors has resulted in today's salary levels being 29% higher than counties within a similar population bracket.

4. The use of a longevity factor results in unequal pay for equal work. Extra duties and/or workloads, such as the Board Chairmanship, are reasons more properly rewarded with extra pay.

Recommendations:

1. That the Board of Supervisors reduce its salaries, commencing with Fiscal Year 2011

2. That any additional monetary salary rewards be based on additional workloads or duties, not longevity in office.

3. That a third party, such as the Grand Jury (impartially selected by a Judge and empowered by State law under Section 927 of the Penal Code), provide guidance as to appropriate salary levels of the BoS and to the methodology for adjusting these levels.