



Midpeninsula Regional
Open Space District

R-24-120
Meeting 24-26
September 25, 2024

AGENDA ITEM 8

AGENDA ITEM

Compensation Philosophy Informational Presentation

GENERAL MANAGER'S RECOMMENDATION

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Receive a presentation from staff and discuss information relevant to and about Board Policy 2.03 Employee Compensation Guiding Principles, also referred to as the “compensation philosophy.” No formal Board action is required.

SUMMARY

This report presents information pertaining to the Midpeninsula Regional Open Space District’s (District) compensation philosophy and comparator agencies, with the intent of providing the Board of Directors (Board) an opportunity to gain a solid understanding of the information, ask questions for further clarification, request any additional relevant information or analysis, and offer initial thoughts as the Board considers potential updates to the compensation philosophy and/or comparator agencies.

DISCUSSION

The mission of the District is to acquire and preserve a regional greenbelt of open space land in perpetuity, protect and restore the natural environment, and provide opportunities for ecologically-sensitive public enjoyment and education. On the coastside, this mission is expanded to include the preservation of agricultural lands of significance, protection of rural character, and encouragement of agricultural use of land resources. The District recognizes the centrality of its workforce of dedicated and talented professional staff in fulfilling this mission in service to the public and the natural environment. A competitive compensation and benefits package is essential in attracting, retaining, and engaging top talent.

Compensation Philosophy

In March of 2015, the Board adopted the Employee Compensation Guiding Principles ([R-15-43, minutes](#)) (Attachment 1) and established a philosophy to maintain “competitive compensation” as a tool to attract and retain high-quality employees. Key elements of the policy include:

- The Board of Directors shall consider salary and benefits as key factors comprising competitive compensation.
- When comparing to benchmark agencies using ‘top-range salary,’ a competitive salary is defined as median to 55th percentile of the comparator agencies plus or minus five percent, with no employee’s top-range salary below median or above 60th percentile.

- Regarding the employee benefits part of compensation, it is the intent of the Board of Directors to provide a benefits package, when combined with salary, that helps attract and retain quality employees over the long term.

Since being established, this policy has served as a guide for the General Manager's employee compensation recommendations.

Classification and Compensation

Throughout the District's history, classification and compensation studies (defined below) have been conducted to ensure that employees are recognized for the level and scope of work performed and that they are paid on a fair and competitive basis, in accordance with the compensation philosophy, thus allowing the District to recruit and retain a high-quality staff.

- A ***Classification Study*** is the process of thoroughly researching, analyzing, determining and documenting the responsibilities, duties, knowledge, skills and abilities related to a position (not a person) for classification, organizational or related purposes.
- A ***Compensation Study*** is the process of thoroughly reviewing comparator agencies' compensation (salary and benefits) for the same or similar classifications (positions) to ensure that the District's compensation remains consistent with best practices, and more specifically confirm that District compensation is externally competitive. In the recent Compensation Studies completed (also referred to as Salary Surveys), both salary and benefits data were gathered and reviewed for comparison, however, the primary focus has been the salaries to confirm that salaries for District classifications meet the definition of *competitive salary* as detailed in the current compensation philosophy.

Compensation studies for employees represented by the Field Employees Association (FEA) and Midpeninsula Rangers Peace Officers Association (POA) are conducted approximately every three years in advance of the negotiations process. Compensation studies for Board Appointees are conducted annually pursuant to Board Policy 2.20 Board Appointee Performance Evaluation Process. The most recent compensation study for unrepresented Office, Supervisory, and Management (OSM) classifications occurred in 2022 through early 2024.

For the most recent compensation studies conducted for FEA, POA and OSM, when the surveys showed District pay was at or above median, no equity adjustments were recommended or made. When the surveys showed District pay was below median, equity adjustments were recommended to and approved by the Board. A general review of benefits as part of these studies indicated that District benefits remain by and large competitive.

Compensation studies have been conducted using the District's Board-approved list of comparator agencies (below) and compensation philosophy (above).

Comparator Agencies

At its meeting of November 13, 2013, the Board of Directors approved the most recent changes to the existing comparator agencies, resulting in 14 comparator agencies that have since been used when conducting compensation studies ([R-13-97](#), [minutes](#)):

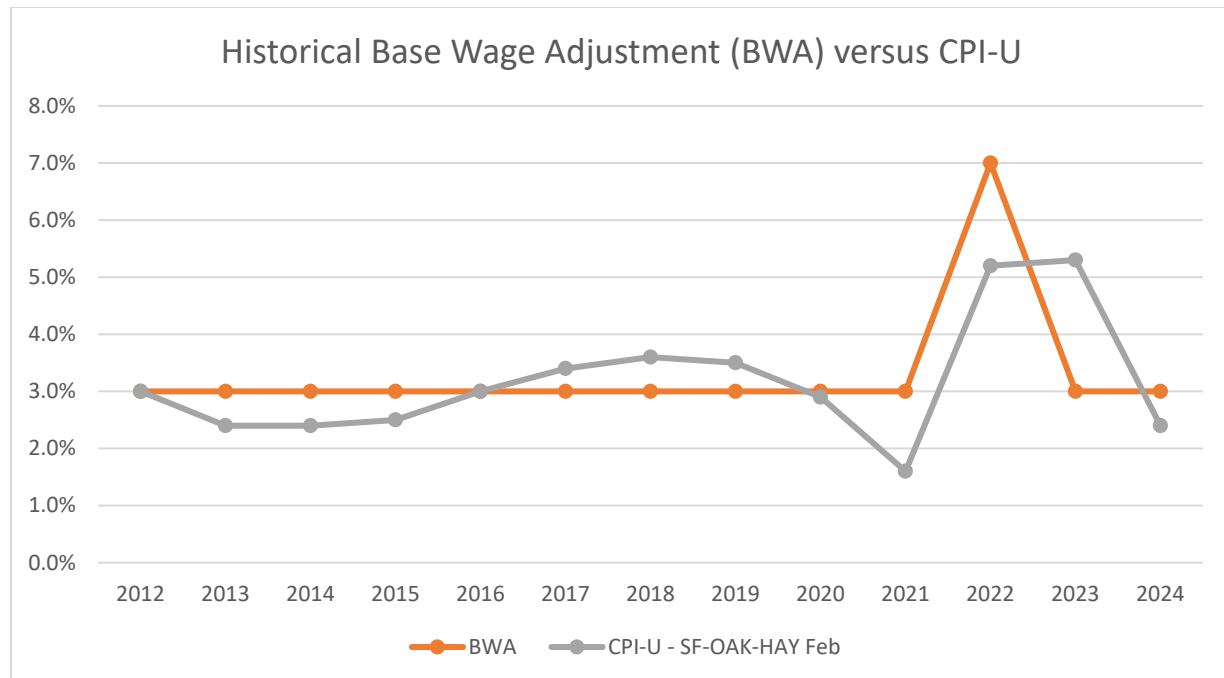
- City of Palo Alto
- City of Walnut Creek
- County of Marin
- County of Sacramento*
- County of San Mateo
- County of Santa Clara
- County of Santa Cruz*
- East Bay Regional Parks District
- Livermore Area Recreation and Parks District*
- Marin Municipal Water District
- Riverside County Regional Park and Open Space District
- Santa Clara Valley Open Space Authority
- Santa Clara Valley Water District
- Sonoma County Agriculture Preserve and Open Space District*

Historically, one of the challenges for the District has been identifying a sufficient number of comparator agencies within the District's geographic area that provide similar open space services. Consequently, agencies from outside of the District's geographic area were added to achieve a sufficient number of benchmark classification matches. Of the fourteen comparator agencies, four are considered outside the District's geographic area (*), resulting in cost of labor adjustments. A cost of labor adjustment is a percentage difference in wages obtained from the Economic Research Institute (ERI), for those comparator agencies that are located outside of the District's geographic area. ERI is a nationally recognized research firm (engaged in research, not marketing/sales) and has been collecting and analyzing data from thousands of salary surveys for over 30 years. Note: cost of labor adjustments varies by location with a different multiplier applied to each agency as appropriate based on local data for that agency.

It has been suggested that the cost of labor adjustments do not make up for the cost-of-living differences, particularly the cost of housing, between these different geographic areas. Cost-of-living is derived from the Consumer Price Index (CPI), which is a more prescriptive formula calculation based on prices of goods and services paid by consumers in different geographic areas. Cost of labor is not a formulaic calculation. Instead, it is determined from comprehensive surveys of employers, which reflect supply and demand in the labor market. Cost of labor provides a more accurate wage comparison and is relevant in making compensation decisions because the focus is on what other employers are paying in salaries rather than the differences in the cost of consumer goods. In other words, while the cost of labor is generally reflective of the region's cost of living, employment/unemployment rates, housing costs, growth rate, and other demographic characteristics, it is directly reflective of the extent to which other agencies that compete for a similar talent pool are compensating their employees.

Base Wages

In addition to conducting compensation studies, the District has worked in other ways to remain competitive with the labor market. For the last 13 years since and including 2012, wages for all classifications have increased every July by three percent (3%). Additionally, in November 2022, the Board approved a base wage adjustment of four percent (4%) as an unusual mid-year additional adjustment to account for a rapid and steep growth in inflation. These increases have kept pace with, and slightly exceed, changes in the Consumer Price Index per the All-Urban Consumers (CPI-U) data for the San Francisco-Oakland-Hayward, California Area (12-month span, February to February) during the same period of time, as represented by the graph below:



In some years the base wage adjustment was more than the CPI-U and in other years it was less. The average of the base wage adjustments made between 2012 and 2024 is 3.3% and the average of the CPI-U data from 2012 through 2024 is 3.2%. The cumulative total of the base wage adjustments during this time is 43.0% compared to the cumulative total of 41.2% of CPI-U increases during this time, or a compounded increase of 52.6% in base wage adjustments compared to a compounded increase of 49.9% in CPI-U.

Benefits

In addition to wages, the District offers employees a comprehensive benefits package, including monetary and non-monetary benefits:

Health & Wellness	Retirement	Flexible Work Arrangements & Paid Leave Time	Other
<ul style="list-style-type: none"> • Medical, Dental, Vision Insurance • Life, LTD (Long-Term Disability), and AD&D (Accidental Death & Dismemberment) Insurance • Supplemental Life Insurance • Flexible Spending Plan • Employee Assistance Program* • Wellness Program* 	<ul style="list-style-type: none"> • California Public Employees Retirement System (CalPERS) Pension • Industrial Disability Retirement* • Voluntary deferred Compensation Plans: 457 and 401(a) plan, with a District contribution for certain* classifications • Retiree Health Contribution* 	<ul style="list-style-type: none"> • Flexible work schedules: 9/80, 4/10 • Telecommuting/hybrid work options for eligible positions • Voluntary Field/Office Work • Vacation • Sick Leave • Personal Leave • Administrative Leave • Paid Holidays* 	<ul style="list-style-type: none"> • 529 College Savings Program • Commuter Incentive Program • Tuition Reimbursement Programs • District residential housing • Bilingual Compensation • Longevity Pay, Meritorious Pay • Employee recognition and celebratory events

*Addition of, or enhancements to, these benefits were made in the past two years.

As of August 2024, the annual cost of District paid benefits is approximately 45% (\$10.7M) of base wages (\$23.8M) for benefit eligible employees. The District's annual total cost for base wages and benefits is approximately \$34.5M.

Not included in the totals above are the following pay categories for certain positions at the District, which can vary year to year and/or would result in an incremental increase: overtime, uniform allowance, acting appointments, night-shift differential, split-shift differential, shift change differential, commercial driver's license differential, certified arborist pay, trainer pay, biological monitor, and fire program.

Recruitment and Retention

For the past six fiscal years, Human Resources staff has tracked various details of their recruitment efforts. Below is a summary of those metrics:

	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24
Budgeted FTEs*	179	183	182	183	191	195
Turnover Rate**	12.84%	6.20%	7.32%	10.84%	8.44%	8.60%
# of Recruitments Completed	38	25	21	28	42	34
# of FTE Positions Filled	46	28.5	29	33.5	55	44.5
# of Positions Not Filled	2.5	2	2	2	7	5

*Full time equivalent positions

**Turnover Rate is defined as the percentage of the workforce that leave an organization. It is important to note that turnover rates vary significantly from industry to industry. However, for local governments the turnover rate should (ideally) be lower than 10%.

Despite the healthy turnover rate and efforts to keep pace with the market, the District has observed the following:

- Smaller applicant pools, and fewer qualified applicants
- Periodic failed / repeated recruitments
- New hires being brought in at salaries within the top steps of a salary range
- Reduced employee tenures that for some are closer to 3 years in length

The Fiscal Year 2023-24 (FY24) Financial Operational Sustainability Model (FOSM) Refresh expects the District to grow by close to 100 full-time positions over the next 10 years, adding significant recruitments to the pipeline in addition to the vacancies created by normal turnover.

The cost of replacing an individual employee can range from one-half to two times (1/2 to 2x) the employee's annual salary and include the following:

- Hiring costs (advertising, screening, interviewing)
- Onboarding (training, supervisor/onboarding team time)
- Time to full productivity (a new person may take up to a year to reach the productivity of an existing person)
- Impact to engagement, morale, and culture (increased workload and impacts to remaining staff, and lost productivity from vacant position)

Seven (7) separations have occurred in 2024 since January 1st, equating to a cost of \$369,699 to \$1,478,798 (based on actual annual salary).

For succession planning, Human Resources staff also monitors the demographics of the workforce, including eligibility for retirement. In the most recent analysis of employee retirement eligibility completed in June 2024, of 182 employees, 46 employees are eligible to retire within the next 5.5 years (25%).

Comparator Agency Analysis

A comparator agency analysis was conducted by an outside human resources firm, Gallagher, who was selected through a competitive Request for Proposal (RFP) process. Gallagher evaluated several comparative indicators related to the District's demographics, financials, and scope of services to develop a list of potential updated comparator agencies. The methodology and specific criteria used in the analysis is detailed in the attached report from Gallagher (Attachment 2).

Gallagher started with the District's historical and current list of comparator agencies and researched potential new agencies for inclusion and/or replacement. This resulted in a total of 28 potential comparator agencies. Specific data for each potential comparator was collected. Using that data, each potential comparator was ranked based on the overall similarity to the District. The top ranked agencies are those agencies that were identified as being most similar in profile to the District.

As explained in Gallagher's report, this analysis is intended to assist the District in updating the comparator group, if so desired. In addition, the District can reflect on other factors that apply to their labor market that potentially override the quantitative considerations. Other factors that are often considered are recruitment, retention, and/or alignment of operations. For example, are there other districts or agencies that do not rank as well (are ranked lower on the list) but are consistently recruiting District employees that should be considered and thus raised higher on the ranked list for consideration?

Of the 28 agencies analyzed (Attachment 3), the following thirteen were identified as top ranked comparator agencies based on a lower overall comparison score, indicating the comparator agency is more similar to the District (i.e., the lower the score, the closer the agency compares to the District):

- County of Santa Clara
- County of San Diego*
- Santa Clara Valley Water District
- County of Marin
- County of Sonoma
- City of Palo Alto
- County of San Mateo
- County of Boulder*
- City of Mountain View
- Marin Municipal Water District
- City of Boulder*
- County of Riverside*
- Santa Clara Valley Open Space Authority

After review of all 28 agencies, their overall comparison score, and consideration of their location, the four agencies located outside of the geographic area as noted above with an asterisk

(*), were pulled and replaced with the next four highest ranking agencies as noted below with two asterisks (**) (Attachment 4):

- County of Santa Clara
- Santa Clara Valley Water District
- County of Marin
- County of Sonoma
- City of Palo Alto
- County of San Mateo
- City of Mountain View
- Marin Municipal Water District
- Santa Clara Valley Open Space Authority
- East Bay Municipal Utility District**
- City of San Jose**
- City of Santa Cruz**
- East Bay Regional Park District**

By selecting agencies located closer to and/or within the District's geographic area, the resulting data generally better reflects the region's cost of living, housing costs, growth rate, and other demographic characteristics to the same extent as competing employers to the District.

Gallagher noted in their report that these potential changes in the comparator agencies should be sufficient to provide enough relevant data points for a robust market comparison.

Additionally, Gallagher conducted a compensation survey with 12 sample classifications using the comparator agencies listed above under consideration and the District's current compensation philosophy. While the percentage above or below median shifted from an average of 2.0% above median under the current comparators (i.e., District average salaries for the 12 sample classifications are 2.0% above the median of comparator agencies) to 0.8% above median under the comparator agencies under consideration, only three of the 12 classifications were under median by more than 1.0%, meaning base wages for only three of the 12 classifications would be increased. In summary, based on this sample study, updating the comparator agencies only without any changes to the compensation philosophy, is not likely to result in meaningful base wage increases to classifications throughout the organization.

With the existing list of comparator agencies, four have a cost of labor adjustment applied. With the comparator agencies under consideration, only two have a cost of labor adjustment applied. When reviewing the sample compensation survey, it is important to note that the agencies with a cost of labor adjustment applied, varied in their salary ranking, sometimes they led the market, lagged the market, or fell in the middle of market. This is a similar pattern for all agencies whether or not they have a cost of labor adjustment applied.

Compensation Philosophy Analysis

Gallagher also used the compensation surveys conducted in 2022-2024 to provide statistical data representing various market positions to assist in determining the District's philosophy for employee compensation, specifically the changes that would occur if the compensation philosophy moved to the 60th, 65th, and 70th percentile as well as to median plus 5%, 10%, and 15%.

As a reminder, the 2022–2024 compensation surveys evaluated 52 positions within the OSM, FEA, and POA classifications. When conducting a comprehensive compensation survey, not all

classifications on the salary plan are studied, rather “benchmark classes” are normally chosen to reflect a spectrum of class levels. In addition, those that are selected normally include classes that are most likely to be found in other similar agencies, and therefore provide a sufficient valid sample for analysis. These classes are used as a means of anchoring the District’s overall compensation plan to the market. Other job classifications not surveyed are aligned using internal equity principals.

The following chart illustrates the average of the 52 “benchmark” positions as a percent above or below the current comparable agency list as compared to various potential compensation targets that are under study:

Average percent above or below the comparable agency list based on various potential compensation targets that are under study:

Philosophy	Median of Comparators (CURRENT)	60th Percentile	65th percentile	70th percentile	5% above median	10% above median	15% above median
% above or below (Average)	3.3%	1.0%	-0.3%	-1.5%	-1.6%	-6.4%	-11.3%

Percentile versus Median

When analyzing compensation data, the terms percentile and percentage above median are used to describe the distribution of salaries or wages within a dataset. Percentile and percentage above median are very different and can point to very different data points within a set of values.

Percentile refers to a specific point in a distribution, indicating the percentage of values that fall below that point. For example, if an individual's salary is in the 75th percentile, it means that $\frac{3}{4}$ (75%) of the other salaries in the dataset lie below the individual’s salary, or conversely, the individual’s salary is higher than $\frac{3}{4}$ (75%) of the other salaries in the data set. A percentile is a ranking based on a specific ratio within a group of data points. Percentiles are used to compare an agency’s position within a distribution and understand how they fare relative to others.

On the other hand, percentage above median refers to a proportional value higher than the median value in a dataset. The market median is the targeted philosophy of most public sector agencies. The market median is the middle value in a sorted list of numbers within a data set, where half the values are above, and half are below.

The key difference between percentile and percentage above median lies in the reference point they use. Percentile compares an agency's compensation to the entire available dataset, while percentage above median compares values to the middle point of the dataset.

The District’s challenge with using a percentile reference point is that compensation surveys rely on a limited number of available comparable agencies (currently the list is 14), which is a small dataset. Although these 14 comparable agencies were identified as the best matches for the District, it can be difficult to find appropriate classifications for each one that match well with District positions given the specialized nature of certain District functions and programs. When

this occurs, actual matches are fewer than 14. Per statistical rules, each classification needs at least 4 matches to yield valid results. When working with a small dataset, there are drawbacks to consider when utilizing the percentile method for analyzing compensation data:

1. Limited representation: With a list of 14 comparable agencies, the number of potential available data points is limited. Percentiles are more reliable when calculated from larger, robust datasets. With a limited representation, the percentiles may not as accurately represent the true distribution of salaries or wages in the larger population.
2. Sensitivity to outliers: In small datasets, the presence of outliers can have a significant impact on percentile calculations. A single extreme value can skew the percentiles and distort the overall distribution. This can lead to misleading conclusions about the compensation landscape.
3. Statistical significance: The number of matches varies for each classification since not all comparable agencies have adequate matches for each District classification, affecting the number of data points that are part of the percentile calculations. When there are less than 4 matches, no percentile calculation can be made due to a lack of statistical significance, meaning that the results obtained from percentile calculations would be inconsistent and unreliable. It is important to consider the sample size and statistical power when interpreting percentile results.

Although both percentile and percentage measures are useful in compensation analysis, they provide different perspectives. Percentile helps identify outliers and extreme values, while percentage above median gives an indication of the overall distribution and the proportion of values above the middle point.

In summary, while the percentile method can be useful for analyzing compensation data, it is important to be cautious when working with small datasets. Accordingly, Gallagher's recommendation is to consider a philosophy that utilizes the market median as a baseline.

Additional Compensation Philosophy Considerations

The Board may want to also consider possible modifications to the following principles in the Board policy:

- Modify the range allowed in the compensation target from the current “below median or above 60% percentile” to plus or minus five percent (or other selected percentage factor) to give the General Manager greater flexibility in achieving internal alignment.
- Remove or modify the statement: “With no employee’s top-range salary above 60th percentile.”
 - This involves the practice of y-rating an employee when their salary has been evaluated through a compensation study and determined to lie above the 60th percentile. A y-rated employee does not receive any base wage adjustments until comparable agency salaries have caught up and the employee’s salary again falls within the appropriate salary range, which typically happens over a few years.
 - Alternatives to this practice include:

- For a classification with an individual incumbent, wait until the incumbent vacates the position, then conduct a compensation study and adjust pay accordingly.
- For a classification with multiple incumbents, “grandfather” or lock in the pay for the existing incumbents and establish a new salary range for future hires.

Employee Survey

In early September, Human Resources invited all employees to participate in a compensation survey (Attachment 5). A total of 146 people (includes temporary staff/seasonals/interns) out of 212 (68%) participated. The responses are still being analyzed as of the printing of this report and will be included in the presentation on September 25, 2024.

FISCAL IMPACT

There is no direct fiscal impact on receiving this information, until such time as the Board decides to implement a change to the compensation philosophy and/or the comparator agencies. That said, the impact of the various scenarios presented in this report was calculated to have the following estimated fiscal impact on salary cost:

Philosophy	60th Percentile	65th percentile	70th percentile	5% above median	10% above median	15% above median
%	0.3%	-1.0%	-2.4%	-2.8%	-7.7%	-12.6%
\$	(\$76K)	\$253K	\$627K	\$731K	\$2,009K	\$3,288K

There will likely be additional cost associated with updating the comparator agencies. However, that cost will vary depending on which compensation philosophy is selected. Based on the sample survey of 12 positions, using the comparator agencies under consideration and the current compensation philosophy, the change in percentage above or below median averaged about 1.2%.

	Current	Under Consideration
	% above or below	% above or below
AVERAGE:	2.0%	0.8%

The information presented in this report was shared and discussed with the Controller, who did not raise a specific concern regarding the fiscal and monetary information at this point. As options become more developed, staff will work with the Controller to ensure that specific recommendations to the Board will have been vetted in the 30-year cash flow model to ensure affordability.

PRIOR BOARD AND COMMITTEE REVIEW

This item is being brought to the full Board given full Board interest.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act.

NEXT STEPS

Following this Board presentation, staff will collate Board input on the compensation philosophy and comparator agencies. Staff will return to the Board with any additional information or analysis as requested. Depending on the level of Board input and questions, staff may be ready to present recommendations on changes to the compensation philosophy and comparator agencies at the next meeting, which is targeted for early 2025. Otherwise, a subsequent meeting will be scheduled to present the final recommendations.

Attachment(s)

1. Board Policy 2.03 Employee Compensation Guiding Principles
2. Gallagher Comparator Agency Analysis For Total Compensation Study dated January 23, 2024
3. List of Comparators – Overall Comparison Score
4. List of Comparators – Overall Rank
5. 2024 Employee Compensation Survey Questions

Responsible Department Head:

Stefan Jaskulak, Chief Financial Officer/Director of Administrative Services

Candice Basnight, Human Resources Manager

Prepared by/Contact person:

Rebecca Wolfe, Human Resources Supervisor

Midpeninsula Regional Open Space District

Board Policy Manual

Employee Compensation Guiding Principles	Policy 2.03 Chapter 2 – District Personnel & Board Support
Effective Date: 3/11/2015	Revised Date: Not Applicable
Prior Versions: Not Applicable	
Attachments: A - Excerpt from Meyers Miliias Brown Act	

Purpose:

The District's Board of Directors values high-quality employees dedicated to fulfilling the mission of the District in service to the public. Competitive compensation is one important tool to attract and retain high-quality employees. By clearly setting forth Employee Compensation Guiding Principles in this policy, the District's Board of Directors is establishing its compensation philosophy for represented and unrepresented employees, through a transparent and public process, to guide the General Manager's employee compensation recommendations into the future. These guiding principles are flexible. Factors may prove to be more or less important in particular negotiations or situations.

Guiding Principles:

1. As stewards of public funds, the District shall hold accountability to the public as a cornerstone value in maintaining competitive, fair, and equitable compensation for its employees for their high-quality and hard work in delivering excellent services to the public;
2. Employee compensation decisions shall be considered in the context of short and long-term affordability, and shall not negatively impact the District's ability to fulfill its mission with excellent service into the future;
3. The Board of Directors shall always retain flexibility to address circumstances that may be negatively impacting the District's ability to attract and retain high-quality employees and deliver excellent services to the public;
4. The Board will refer to the California Meyers Miliias Brown Act (MMBA) to determine what, if any, factors the law identifies related to determining appropriate compensation through labor negotiations in local public agencies. An excerpt from the MMBA, as of the effective date of this policy and subject to future changes in the MMBA, is provided as an Attachment to the policy to partially show factors in the law at this time related to determining compensation, but is not intended to represent the full extent of the law.

5. The Board of Directors shall consider the appropriateness of certain benefits between different groups of employees.
6. The Board of Directors shall consider salary and benefits as key factors comprising competitive compensation. Periodically, salaries and benefits may be evaluated in comparison to benchmark agencies that are determined through a combination of factors, typically including organizational type and structure, similarity of population, staff, budget, scope of services provided and geographic location, labor market, and compensation philosophy. When comparing to benchmark agencies using “top-range salary”, a competitive salary is defined as median to 55th percentile of the comparator agencies, plus or minus five percent, with no employee’s top-range salary below median or above 60th percentile unless under the Board’s decision-making flexibility as provided in this policy. Regarding the employee benefits part of compensation, it is the intent of the Board of Directors to provide a benefits package, when combined with salary, as well as other benefits described in Principle #7 below, that helps attract and retain quality employees over the long term.

The plus or minus five percent from the compensation target is a range that the Board acknowledges as important to give the General Manager flexibility in achieving internal alignment within the organization on compensation recommendations, yet still remaining competitive.

7. The Board of Directors also considers one-time and individual monetary benefits and non-monetary benefits as factors in remaining competitive within the District’s labor market;
8. The Board of Directors acknowledges that the high Cost of Living in the Bay Area is an ongoing challenge for public sector recruitment and retention. While the guiding principles above that relate to maintaining competitive compensation within the District’s labor market help to partially address the Cost of Living challenges, the District is willing to explore innovative ideas, alone or in concert with other public agencies, to improve this regional challenge.
9. To determine competitive salaries and benefits in the District’s labor market in response to unforeseen, dramatic changes in the labor market or as new positions or work groups are established, and with the intent of managing potential “drift” of District compensation, the General Manager may periodically direct that a compensation study be performed, organization-wide or for specific departments, work groups or classifications. When conducting a compensation study, benchmark comparator agencies will remain as consistent as possible from study to study.

The following is an excerpt from the Meyers Miliias Brown Act and is intended to partially show factors in the law as of October 2014 related to determining compensation. This excerpt is not intended to represent the full extent of the law.

Excerpt from California Government Code section 3505.4:

- (1) State and federal laws that are applicable to the employer.
- (2) Local rules, regulations, or ordinances.
- (3) Stipulations of the parties.
- (4) The interests and welfare of the public and the financial ability of the public agency.
- (5) Comparison of the wages, hours, and conditions of employment of the employees involved in the factfinding proceeding with the wages, hours, and conditions of employment of other employees performing similar services in comparable public agencies.
- (6) The consumer price index for goods and services, commonly known as the cost of living.
- (7) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- (8) Any other facts, not confined to those specified in paragraphs (1) to (7), inclusive, which are normally or traditionally taken into consideration in making the findings and recommendations.

January 23, 2024

COMPARATOR AGENCY ANALYSIS FOR TOTAL COMPENSATION STUDY

Midpeninsula Regional Open Space District

Katie Kaneko, Managing Director



Gallagher

Insurance | Risk Management | Consulting
Formerly Koff & Associates

Gallagher evaluated several comparative indicators related to Midpeninsula Regional Open Space District ('District') demographics, financials, and scope of services to develop a list of potential agencies for the compensation study. The methodology and specific criteria used in the analysis follows.

1. Organizational type and structure: Gallagher generally recommends that agencies of a similar size and structure providing similar services to that of the District be used as comparators.

Note: Because technical job classifications perform similar work across agencies, organizational size is not critical. The difference in size of an organization becomes more important when comparing management classes. Factors such as management of a large staff, consequence of error, the political nature of the job and its visibility all increase with organizational size. When it is difficult to find agencies that are similar in size, a good balance of smaller and larger agencies is used instead.

2. Staff, and operational budgets, and scope of services and population: Staff and operational budget size determine the amount of resources available for the agencies to provide services, and population size accounts for the ratio of resources to constituents served. Organizations providing the same services are ideal for comparison; therefore, most comparator agencies included provide similar services to the District. Specifically, Gallagher focused on whether agencies provide the following:

- Ranger Services
- Visitor Services
- Natural Resources
- Real Property Management
- Grants Management
- Planning
- Public Affairs

3. Geographic location and Labor market: Today's labor market reality is that many agencies are in competition for the same pool of qualified employees because large portions of the workforce don't live in the communities they serve, are accustomed to lengthy commutes, and are more likely to consider changing jobs in a larger geographic area than in the past. Therefore, the geographic labor market area where the District may be recruiting from or losing employees to, is taken into consideration when selecting comparator organizations.

The comparator agency analysis includes specific data for each proposed agency:

1. Geographic Proximity
2. Open Space Acreage
3. Full-Time Equivalent (FTE)
4. Agency Financials (Expenditures)
5. Cost of Living
6. Services provided

Each potential comparator is ranked based on the overall similarity to the District, and the Recommended List of Comparators represents a summary of the rankings for each of the following data factors listed above. The top ranked agencies are those agencies that were identified as being most similar in profile to the District.

This analysis is intended to assist the District in choosing the comparator group. However, the District should reflect on other factors that apply to their labor market that could potentially override these quantitative considerations. Other factors that are often considered are recruitment, retention, and/or alignment of operations. For example, are there Districts or agencies that don't rank as well but are consistently recruiting your employees?

The District has indicated that having a local comparator group is important to help mitigate cost of labor factors. District management report the application of a cost of labor modifier to out of area comparators has reduced staff confidence that the compensation data is truly representative of their work. In our assessment, maintaining a comparator group of only local agencies should be sufficient to provide enough relevant data points for a robust market comparison. With this approach, the recommendation to remove the four out of area agencies that ranked in the top twelve and replacing them with the next highest ranked local agencies will provide sufficient market data. Taking this approach, the District's Recommended List of Comparators would be as follows:

- County of Santa Clara
- Santa Clara Valley Water District
- County of Marin
- County of Sonoma
- City of Palo Alto
- County of San Mateo
- City of Mountain View
- Marin Municipal Water District
- Santa Clara Valley Open Space Authority
- East Bay Municipal Utility District
- City of San Jose
- City of Santa Cruz
- East Bay Regional Park District

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Ranking	Comparator Agency	Overall Comparison Score
	Midpeninsula Regional Open Space District	6
1	County of Santa Clara	40
2	County of San Diego	52
3	Santa Clara Valley Water District	52
4	County of Marin	64
5	County of Sonoma	68
6	City of Palo Alto	73
7	County of San Mateo	74
8	County of Boulder	76
9	City of Mountain View	78
10	Marin Municipal Water District	79
11	City of Boulder	81
12	County of Riverside	81
13	Santa Clara Valley Open Space Authority	81
14	East Bay Municipal Utility District	86
15	City of San Jose	88
16	City of Santa Cruz	90
17	East Bay Regional Park District	91
18	County of Sacramento	94
19	City and County of San Francisco (Park and Rec & PUC)	96
20	Hayward Area Recreation District	97
21	City of San Luis Obispo	100
22	Livermore Area Recreation and Park District	100
23	City of Santa Clara	103
24	City of Walnut Creek	112
25	Monterey Peninsula Regional Park District	117
26	County of Santa Cruz	122
27	Cordova Recreation and Park District	135
28	Napa County Regional Park and Open Space District	138

Top Ranked Comparator Agencies

Legend: A lower Overall Comparison Score indicates that the comparator agency is more similar to the Midpeninsula Regional Open Space District

Column A: Ranking based upon comparison score.

Column B: Agency Name

Column C: The Overall Criteria Comparison Score is equal to the sum of ranking for each criteria.

The Overall Comparison Score is comprised of the following criteria:

- 1- Geographic Proximity Comparison
- 2- Open Space Acreage
- 3- Full Time Equivalents Comparison
- 4- Agency Expenditure Comparison
- 5- Cost of Living Comparison



Agency	Overall Rank
Midpeninsula Regional Open Space District	1
County of Santa Clara	2
County of San Diego	3
Santa Clara Valley Water District	3
County of Marin	5
County of Sonoma	6
City of Palo Alto	7
County of San Mateo	8
County of Boulder	9
City of Mountain View	10
Marin Municipal Water District	11
City of Boulder	12
County of Riverside	12
Santa Clara Valley Open Space Authority	12
East Bay Municipal Utility District	15
City of San Jose	16
City of Santa Cruz	17
East Bay Regional Park District	18
County of Sacramento	19
City and County of San Francisco (Park and Rec & PUC)	20
Hayward Area Recreation District	21
City of San Luis Obispo	22
Livermore Area Recreation and Park District	22
City of Santa Clara	24
City of Walnut Creek	25
Monterey Peninsula Regional Park District	26
County of Santa Cruz	27
Cordova Recreation and Park District	28
Napa County Regional Park and Open Space District	29

While the four agencies highlighted in yellow are a closer match based on overall comparison score, they are recommended for exclusion due to their greater geographic distance. The next four matches highlighted in green are recommended for inclusion based on their closer geographic proximity.



Compensation Survey 2024

Language

English (US English) ▼

Compensation Philosophy

You can find Midpen's compensation philosophy here:

https://openspace.sharepoint.com/:b:/r/GM/Policies/Board%20Policies/Board%20Policy%20Manual/2.03_Employee_Compensation_Guiding_Principles.pdf?csf=1&web=1&e=d8WVd0

Midpen's compensation philosophy (see link above) identifies the factors that inform compensation decisions for the agency and provides guidance for how the General Manager develops compensation recommendations for Board consideration. In addition, the compensation philosophy more specifically defines a competitive salary as median to 55th percentile of the comparable public agencies, plus or minus 5%. Please select how much you agree or disagree with the following statement: I understand Midpen's current compensation philosophy.

In 2013, the Board of Directors set the list of comparable public agencies based on numerous standards, including similarity of budget, scope of services, staff functions, etc. As part of their deliberations, the Board also received input from staff, including members of the FEA (the POA did not exist in 2013). The current comparable public agencies are: City of Palo Alto, City of Walnut Creek, County of Marin, County of Sacramento*, County of San Mateo, County of Santa Clara, County of Santa Cruz*, East Bay Regional Parks District, Livermore Area Recreation and Parks District, Marin Municipal Water District, Riverside County Regional Park and Open Space District*, Santa Clara Valley Open Space Authority, Santa Clara Valley Water District, and Sonoma County Agriculture Preserve and Open Space District*. A cost of labor modifier is used to adjust for salary differences in geographic locations outside of the SF Bay Area (*four agencies). The cost of labor modifiers are calculated by the Economic Research Institute (www.eri.com) and reflect, amongst other factors, the cost of living. Please select how much you agree or disagree with the following statement: I feel the comparator public agencies used in the compensation philosophy continue to be appropriate today.

Total Compensation (Salary + Benefits)

Total compensation includes salary and CalPERS retirement. Aside from these two major compensation elements, the MOST important compensation elements for me are:

Please select up to 3.

- Flexible Work Benefits – 9/80, 4/10 schedules (if applicable)
- Flexible Work Benefits – Telework/Hybrid (if applicable)
- Vacation Time
- Sick Leave
- Medical, Dental and Vision Benefits
- Life/Long Term Disability/Accidental Death and Dismemberment Benefits
- Employee Assistance Program (EAP)
- Deferred Compensation Plans (i.e., 401a, 457)
- Flexible Spending Plans/Cafeteria Plan
- Commuter Incentives
- Supplemental Life Insurance
- Tuition Reimbursement Program
- Subsidized District residential housing
- Retiree Medical Contribution

The elements of my total compensation package (excluding salary and CalPERS retirement) that are LEAST important to me are:

Please select up to 3.

- Flexible Work Benefits – 9/80, 4/10 schedules (if applicable)
- Flexible Work Benefits – Telework/Hybrid (if applicable)
- Vacation Time
- Sick Leave
- Medical, Dental and Vision Benefits
- Life/Long Term Disability/Accidental Death and Dismemberment Benefits
- Employee Assistance Program (EAP)
- Deferred Compensation Plans (i.e., 401a, 457)
- Flexible Spending Plans/Cafeteria Plan
- Commuter Incentives
- Supplemental Life Insurance
- Tuition Reimbursement Program
- Wellness Program
- Subsidized District residential housing
- Retiree Medical Contribution

I feel my salary is competitive with similar roles at similar public sector employers

Compensation - Benefits Only

Please find Midpen's benefits here, titled 2024 Benefits Summary:
<https://openspace.sharepoint.com/adminservices/HR/HR%20Forms/Benefits?csf=1&e=vFfVZ3>

I believe my benefits package is equal to or better than what is offered by similar public sector employers.

I utilize the following optional benefits:

- Deferred Compensation Plans (i.e., 401a, 457)
- Flexible Spending Account - Dependent Care Reimbursement Account
- Flexible Spending Account - Medical Reimbursement Account
- Commuter Incentives
- Supplemental Life Insurance
- Tuition Reimbursement Program
- Wellness Program
- Subsidized District residential housing

Retention

I would consider leaving my current position for another public sector opportunity due to the following reasons:

Please select up to 2.

- Higher Salary/Promotion
- Better Retirement Benefits
- Better Medical, Dental and Vision Benefits
- More Vacation Time
- More Career Growth Opportunities (other than promotion)
- Other

I would consider leaving public sector employment for private sector employment for a higher salary even if my benefits were substantially reduced (e.g., no retirement plan, less employer contributions to medical, no retiree medical contribution, etc.)

Both Human Resources, my manager, and/or the General Manager have previously communicated compensation decisions that affect me.

If additional communication is desired, please list preferable channels.

- Email
- All Staff Meeting
- Department Meetings
- 1-1 Meetings
- Other

Both Human Resources, my manager, and/or the General Manager have previously provided me with the opportunity to submit or discuss my feedback regarding compensation decisions that affect me.

Comments

In your opinion, what could be improved about the compensation philosophy and why?

Understanding that Midpen is unable to compete with private sector compensation packages, and that as a public employee, Midpen staff are eligible for certain monetary benefits that are not necessarily available to private sector employees (e.g., retirement pension, deferred contribution retirement plans, etc.), are there specific compensation package elements that you feel can be reasonably considered by Midpen?

I am interested in providing additional feedback regarding the compensation philosophy.

Demographic Questions**My current work arrangement for a typical workweek is:**

- 100% on site/in office
- 4 days on site/in the office
- 3 days on site/in the office
- 2 days on site/in the office
- Other

I participate in a flexible schedule:

- Yes, 9/80
- Yes, 4/10
- No, but I'm interested in a 9/80 schedule
- No, but I'm interested in a 4/10 schedule
- No

What is your employment status?

- Full-time
- Part-time
- Seasonal/Temporary/Intern
- Other

Which department are you in?

- Administrative Services: Budget & Finance or Grants or Procurement
- Administrative Services: Human Resources
- Administrative Services: Information System & Technology
- Engineering and Construction
- General Manager's Office or General Counsel's Office
- Land and Facilities
- Natural Resources
- Planning
- Public Affairs
- Real Property
- Visitor Services

How long have you been working for Midpen?

- Less than 1 year
- 1 year to under 5 years
- 5 years to under 10 years
- 10 years to under 15 years
- 15 years to under 20 years
- 20 years to under 25 years

25 years or longer

ATTACHMENT 5

How much time do you spend commuting to and from work (combined time)?

- Under 30 minutes
- 31 - 60 minutes
- 61 - 90 minutes
- 91 - 120 minutes
- Over 2 hours

What is your age?

- Under 19 years old
- 19 - 29 years old
- 30 - 39 years old
- 40 - 49 years old
- 50 - 59 years old
- 60+ years old

What is your race/ethnicity?

- American Indian, Alaska Native, First Nation or Indigenous
- Asian or Asian American
- Biracial or Multiracial
- Black or African American
- Latinx or Hispanic
- Middle Eastern or North African
- Native Hawaiian or Other Pacific Islander
- White or Caucasian (non-Hispanic/non-Latinx)
- Prefer not to Answer
- Prefer to self-describe (please specify):

Are you a veteran?

- Yes
- No
- Prefer not to answer

Are you a primary caregiver?

- Yes - to a child or children at home
- Yes - to someone other than a child
- No - not a primary caregiver at home
- Prefer not to answer

You've answered 0 of 25 questions.

ATTACHMENT 5

[Submit survey](#)