



# San Diego County Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

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# 7C

**AGENDA REPORT**  
Business | Action

August 2, 2021

**TO:** Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT:** Approval to Reinstate Cost-of-Living Wage Adjustments in 2021-2022

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## SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will consider reinstating a previously planned 2.0% wage cost-of-living adjustment for non-management employees in 2021-2022. The otherwise planned wage adjustment was suspended by the Commission in April 2021 at the recommendation of the Executive Officer to curb new costs in 2021-2022 given economic uncertainties associated with COVID. The parallel action to implement a voluntary employee separation incentive program has subsequently proven successful in generating cost-savings and positions the Commission to reinstate the full cost-of-living adjustment retroactive to July 1<sup>st</sup> without budget impact. The Executive Officer recommends approval.

## BACKGROUND

### Compensation Policies

San Diego LAFCO's employee compensation policies are detailed in Rule No. 6 and premised on providing wages and benefits consistent with comparable positions in the County of San Diego. The Commission drew on this premise in June 2017 in approving a series of compensation enhancements over a five-year period beginning with 2017-2018 and ending in 2021-2022. The enhancements match approvals by the Board of Supervisors and marked by annual cost-of-living adjustments for all employees' salary ranges between 2.0% and 3.0% as

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well as concurrent wage adjustments for all non-management employees. The final planned cost-of-living adjustment set for 2021-2022 was 2.0%.<sup>1</sup>

### Suspension of Cost-of-Living Adjustment in 2021-2022

San Diego LAFCO suspended the planned 2.0% cost-of-living adjustment for all non-management employees in April 2021 at the recommendation of the Executive Officer to curb new costs going into 2021-2022 given economic uncertainties due to COVID. Other planned compensation adjustments – specifically the increase to all salary ranges and lump payments – remained. The Commission also agreed to reinstate the cost-of-living adjustment in 2022-2023 if not sooner should economic conditions warrant.

### DISCUSSION

This item is for San Diego LAFCO to consider reinstating its previously scheduled 2.0% cost-of-living adjustment for all non-management employees' wages retroactive to July 1, 2021. The total financial toll of the reinstatement is \$15,604 and covers the wage increases along with ancillary employee benefits ranging from payroll taxes to pension contributions.

### ANALYSIS

The reinstatement of the 2.0% cost-of-living adjustment for all non-management employees at San Diego LAFCO can be readily accommodated without increasing budgeted labor costs. This accommodation ties to recent savings associated with the Commission implementing a voluntary employee separation incentive program, which will generate an annual savings of \$39,743 based on replacing the two affected staff at their position's mid-range salary point.

### RECOMMENDATION

It is recommended San Diego LAFCO reinstate the 2.0% cost-of-living adjustment for non-management employees' wages in 2021-2022 retroactive to July 1<sup>st</sup> by proceeding with Alternative One as detailed in the subsequent section.

### ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO:

Alternative One (recommended):

Reinstate the previously suspended 2.0% cost-of-living adjustment for non-management employees' wages for 2021-2022 retroactive to July 1, 2021.

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<sup>1</sup> Annual lump sum payments to all employees – management and non-management were also approved.

Alternative Two:

Continue consideration of the item to a future meeting and provide direction to staff for more information as needed.

Alternate Three:

Take no action.

**PROCEDURES**

This item has been placed on the agenda for action as part of San Diego LAFCO's business calendar. The following procedures, accordingly, are recommended.

- 1) Receive verbal report from staff unless waived.
- 2) Commission discussion.
- 3) Consider the staff recommendation.

Respectfully,



Keene Simonds  
Executive Officer

Attachment: none

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