

**Santa Ynez Community Services District  
Board Memorandum**

**To:** Board of Directors  
**From:** General Manager  
**Date:** March 18, 2026  
**Subject:** Discussion of Current Employee Pay Increase Procedures and  
Exploration of Requiring Board Approval for Step Increases

**Recommendation**

Staff recommends discussing this item to assess the benefits of increased Board oversight versus potential impacts on operations and employee relations. If the Board directs staff, we can prepare a proposed Handbook amendment for review at a future meeting, incorporating employee feedback, personnel committee discussion, and legal counsel input to address concerns.

**Proposed Change: Requiring Board Approval of Step Increases**

Currently, step increases are approved by the General Manager following performance evaluations. The Board could direct staff to review the Employee Handbook with employees and legal counsel regarding shifting oversight from the General Manager to governance-level oversight by Elected Officials. Any changes could be made through a Handbook revision, with prior notification to employees and legal counsel.

**Purpose**

This memorandum provides an overview of the current procedures for employee pay increases as outlined in the District's Employee Handbook. It also considers the potential change to require Board of Directors approval for step increases, which would require an amendment to the Handbook. This discussion includes an analysis of the advantages and disadvantages of such a requirement, as well as potential unintended consequences, to help the Board decide whether to pursue this policy change.

## Background

The District's Employee Handbook outlines compensation policies, including step increases, longevity pay, merit adjustments, promotions, and cost-of-living adjustments (COLA). These procedures aim to ensure fair, performance-based pay while taking into account the District's financial situation. Key sections related to pay increases are summarized below from the SALARY STEP PLAN and related provisions on pages 57-59 of the Employee Handbook.

## Current Pay Increase Procedures

- **Salary Step Plan:** Each job classification has a salary range divided into five steps (A through E – see attached). Step increases are granted at the General Manager's discretion, based on factors such as the District's financial condition, positive employee performance (via evaluation), length of service, and relevant skills/education.
  - Step A: Minimum starting rate, including the 6-month probationary period. The General Manager may approve of hiring at a higher step for candidates with exceptional qualifications.
  - Step B: After 12 months at Step A, if performance is satisfactory.
  - Step C: After another 12 months at Step B; incentive for fully qualified employees.
  - Step D: After another 12 months at Step C; reward for above-average work.
  - Step E: After another 12 months at Step D; reward for outstanding service.
- **Advancement Base Date:** Based on hire or promotion date; resets upon re-employment after termination.
- **Promotional Increases:** Minimum 5% increase upon promotion to a higher range, with placement at the next higher step if appropriate.
- **Longevity Pay:** Applies to regular full-time employees:
  - After 10 years: 2.0% above base rate.
  - After 15 years: Additional 2.5% (total 4.5%).
  - After 20 years: Additional 2.5% (total 7.0%).
  - Approved leaves do not count toward service time.
- **Merit Wage/Salary Adjustments:** Administered by the General Manager based on performance, contributions, and standards.

- **Cost-of-Living Adjustments (COLA):** Applied annually, effective July 1, based on the Los Angeles-Long Beach-Anaheim CPI-U (12-month percent change from January to December of the prior year). Board-approved min/max: 1.5% to 3.5% (e.g., 3.5% used for FY 24/25).
- **Initial Hiring Assignment:** Typically, at Step A, but the General Manager may authorize higher placement for extraordinary qualifications (superior education, experience, skills).
- **Salary Schedule:** All employees receive compensation per the basic schedule; no reductions allowed under Handbook terms.
- **Handbook Changes:** Material changes with financial implications require Board approval, but individual step increases are currently handled at the General Manager level without Board involvement.

These procedures emphasize discretion to align compensation with performance and fiscal realities, while promoting retention through structured progression.

**Pros and Cons of Requiring Board Approval for Step Increases**

Requiring Board approval could enhance oversight governance in a public sector entity like the District, where taxpayer funds are involved. However, it could introduce inefficiencies. Below is a summary of key pros and cons, drawn from public sector compensation practices:

Aspect	Pros	Cons
<b>Accountability and Fiscal Control</b>	In theory, it provides an extra layer of Board review to align with budget constraints and promote fiscal caution; could help avoid isolated over-spending decisions by the GM. However, this is usually included in the budget process.	Risks crossing into micromanagement of routine personnel decisions that fall within the General Manager's delegated executive authority, undermining the GM's ability to manage operations efficiently and eroding trust between the Board and management; in special districts, this overreach can weaken overall fiscal discipline by diverting Board focus from high-level strategy and oversight to day-to-day approvals, potentially leading to inconsistent application, defensiveness in leadership, and reduced accountability at the operational level where it matters most.

Aspect	Pros	Cons
<b>Fairness and Equity</b>	Offers multiple perspectives in decision-making, which might reduce isolated bias in individual approvals.	Board Members usually lack direct, day-to-day knowledge of employee performance, workflows, or contributions, which leads to decisions that feel arbitrary, less accurate, or disconnected from reality compared to the GM's informed evaluations; this increases the risk of perceived inconsistency or unfairness across cases.
<b>Oversight in Public Sector</b>	Aligns with a general emphasis on public accountability in special districts, where transparency is valued and the Board's fiduciary role includes financial oversight.	Adds unnecessary layers of oversight to routine personnel actions that are standard GM responsibilities in most districts; heightens administrative workload and documentation demands on already limited staff resources, diverting time from core operations and service delivery.
<b>Employee Impact</b>	Might be interpreted (in ideal scenarios) as demonstrating Board-level emphasis on merit and transparency in compensation.	High risk of demotivating staff through unnecessary delays, denials, or inconsistent outcomes, which can erode trust in leadership, reduce morale, and make it harder to retain or attract qualified employees in a competitive public-sector environment; employees will view the change as micromanagement rather than support.

**Other Unintended Consequences**

Beyond the direct pros and cons, implementing Board approval could lead to several unintended effects, particularly in a small special district like SYCSD:

- **Employee Morale and Retention Issues:** Employees will perceive the change as politicizing pay, leading to frustration, especially if increases are tied to Board dynamics versus individual performance.
- **Opens the door to employees seeking Union representation.**

- **Legal and Compliance Risks:** Inconsistent application might expose the District to claims of unfair treatment or discrimination; California labor laws emphasize equitable pay practices, and changes could trigger reviews under the Equal Pay Act or similar statutes.
- **Attraction of Talent:** While intended to ensure fiscal prudence, it could make the District less competitive in hiring if candidates view the process as overly bureaucratic.

**Specific Pros and Cons for the General Manager**

- Requiring Board approval for step increases would shift some decision-making power from the General Manager (GM) to the Board, impacting the GM's role in staff management. Here are some pros and cons from the GM's perspective, based on typical public sector dynamics in California special districts like SYCSD:

Aspect	Pros for GM	Cons for GM
<b>Authority and Decision-Making</b>	Reduces sole responsibility for potentially controversial or budget-sensitive decisions, providing "cover" if increases are denied due to fiscal constraints (aligning with the District's Mission Statement emphasis on fiscal conservatism). This can protect the GM from accusations of favoritism or poor judgment.	Diminishes the GM's operational autonomy in day-to-day personnel management, as step increases are currently at their discretion (per the Salary Step Plan in the Handbook). Board overrides could make the GM appear weak or ineffective to staff.
<b>Relationship with Board and Staff</b>	Fosters greater collaboration with the Board, allowing the GM to present recommendations in a formal setting and build consensus on compensation strategy.	Risks straining GM-Board relations if recommendations are frequently denied, or eroding trust with employees if the GM's endorsements are overruled, potentially leading to perceptions that the GM lacks influence.
<b>Administrative Burden</b>	Shares accountability for fiscal impacts, easing the GM's load in justifying individual increases during budget reviews.	Increase paperwork and preparation time for Board presentations, adding to the GM's workload in a small district with limited resources.

<b>Aspect</b>	<b>Pros for GM</b>	<b>Cons for GM</b>
<b>Closed Sessions</b>	The GM might have to request closed-session discussions for sensitive cases to protect privacy or propose guidelines for Board review to make denials more transparent and less personal.	Increases administrative complexity, as closed sessions require specific agenda notices, which will necessitate legal counsel's attendance.

**Attachment:** Step Increase Table

**Santa Ynez CSD Payroll Steps**

**Effective 07/01/25 (Budgeted COLA 3.4%)**

	A	B	C	D	E
<b>Collection System</b>					
<b>Maintenance Operator OIT/One</b>		5.00%	5.00%	5.00%	5.00%
Annually	\$ 60,128.60	\$ 63,135.86	\$ 66,294.86	\$ 69,606.47	\$ 73,085.66
Monthly	\$ 5,010.72	\$ 5,266.41	\$ 5,266.41	\$ 5,266.41	\$ 5,266.41
Bi-Weekly	\$ 2,312.64	\$ 2,430.65	\$ 2,430.65	\$ 2,430.65	\$ 2,430.65
Hourly	\$ 28.91	\$ 30.35	\$ <b>31.87</b>	\$ <b>33.46</b>	\$ <b>35.14</b>

**Collection System**

	A	B	C	D	E
<b>Maintenance Operator Two</b>		5.00%	5.00%	5.00%	5.00%
Annually	\$ 69,255.60	\$ 72,715.37	\$ 76,351.60	\$ 80,168.95	\$ 84,176.59
Monthly	\$ 5,771.30	\$ 6,059.61	\$ 6,362.63	\$ 6,680.75	\$ 7,014.72
Bi-Weekly	\$ 2,663.68	\$ 2,796.75	\$ 2,936.60	\$ 3,083.42	\$ 3,237.56
Hourly	\$ <b>33.30</b>	\$ <b>34.96</b>	\$ <b>36.71</b>	\$ <b>38.54</b>	\$ <b>40.47</b>

**Collection System**

	A	B	C	D	E
<b>Supervisor/Inspector</b>		5.00%	5.00%	5.00%	5.00%
Annually	\$ 86,918.67	\$ 91,264.50	\$ 95,828.13	\$ 100,619.89	\$ 105,651.21
Monthly	\$ 7,243.22	\$ 7,605.38	\$ 7,985.68	\$ 8,384.99	\$ 8,804.27
Bi-Weekly	\$ 3,343.03	\$ 3,510.17	\$ 3,685.70	\$ 3,870.00	\$ 4,063.51
Hourly	\$ <b>41.79</b>	\$ <b>43.88</b>	\$ <b>46.07</b>	\$ <b>48.38</b>	\$ <b>50.79</b>

**Wastewater Treatment Plant (Reimbursable)**

	A	B	C	D	E
<b>Chief Plant Operator</b>		5.00%	5.00%	5.00%	5.00%
Annually	\$ 115,696.95	\$ 121,481.80	\$ 127,555.90	\$ 133,933.69	\$ 140,630.37
Monthly	\$ 9,641.41	\$ 10,123.48	\$ 10,629.66	\$ 11,161.14	\$ 11,719.20
Bi-Weekly	\$ 4,449.88	\$ 4,672.38	\$ 4,906.00	\$ 5,151.30	\$ 5,408.86
Hourly	\$ <b>55.62</b>	\$ 58.40	\$ 61.33	\$ 64.39	\$ <b>67.61</b>

**Administration**

	A	B	C	D	E
<b>Office Manager / Board Secretary</b>		5.00%	5.00%	5.00%	5.00%
Annually	\$ 84,248.82	\$ 88,460.52	\$ 92,883.55	\$ 97,528.16	\$ 102,404.74
Monthly	\$ 7,020.74	\$ 7,371.71	\$ 7,740.30	\$ 8,127.35	\$ 8,533.73
Bi-Weekly	\$ 3,240.34	\$ 3,402.33	\$ 3,572.44	\$ 3,751.08	\$ 3,938.64
Hourly	\$ <b>40.50</b>	\$ 42.53	\$ 44.66	\$ 46.89	\$ 49.23