

**Santa Ynez Community Services District  
Board Memorandum**

**To:** Board of Directors  
**From:** Loch A. Dreizler, General Manager  
**Date:** May 20, 2026  
**Subject:** Reopening Previous Discussion: Proposed Amendment to Employee Handbook – Board Oversight of Merit Salary/Step Increases - Legal Counsel responded to additional inquiries made by Board President Redfern after the last meeting in March.

**Staff Recommendation**

- GM continues deciding merit/step increases.
- Board receives information on anniversaries and increases via consent or information item (with optional positive recognition).

This approach aligns with special districts I’ve worked for in the past, keeps meetings shorter, and maintains clear separation between governance and day-to-day administration.

**Key Considerations**

<b>Using the Current Approach</b>	<b>With Board Involvement</b>
Keeps decisions efficient within the annual budget process; avoids unnecessary layers.	Adds elected review for alignment with ratepayer interests.
Preserves clear operational accountability with the General Manager (GM).	Increases transparency and shared governance on public funds.
Maintains GM’s operational autonomy and effectiveness in managing staff.	Provides “cover” for difficult decisions and fosters Board collaboration.
Supports performance-driven culture, morale, retention, and talent attraction.	Signals a strong Board emphasis on merit and fairness.
Minimizes administrative burden, closed sessions, legal exposure, and workload in a small district.	Formal process may reduce isolated bias.
Avoids perception of politicizing pay; has already prompted preliminary union inquiries.	Opportunity for structured feedback.

**The Previous Board Memorandum is included beyond this Table Summary**

**Currently, the General Manager decides merit/step increases:** Most special districts give the General Manager (the administrator hired by the board) the job of reviewing employees and deciding merit or step increases. The board sets the overall pay rules and budget in open meetings but does not look at anyone's performance or raise. In this case, no closed session is needed for individual merit decisions. The manager handles it privately in accordance with the district's written policies. This keeps board meetings shorter and avoids the need for additional closed sessions.

**Recommendation:** No formal Board action is needed today, but guidance on the preferred course of action would be appreciated. Staff recommend that the Board reconfirm the decision at the March 18, 2026, meeting, which was to inform the Board about employee anniversaries and merit/step increases, and that positive recognition of an employee's accomplishments could be included as part of a consent or information item.

However, if that decision is not reconfirmed, Staff recommends that the Board reopen the discussion from the March 18, 2026, meeting and provide direction on the sample revised Handbook language provided by legal counsel, at the request of the Board President.

If the Board directs staff to move forward with the amendment, staff also recommend approving the proposed timeline below:

1. Meet with the Personnel Committee to review the language draft and incorporate any Committee feedback.
2. Hold a meeting with personnel to solicit employee input.
3. Finalize the language with legal counsel; and
4. Return to the Board with the final proposed Handbook amendment for consideration and vote at a subsequent regular meeting.

**Purpose:** This memorandum revisits the discussion from the March Board meeting regarding current employee pay-increase procedures and the possible need for Board approval of step/merit increases. It includes the sample revised Handbook language received from legal counsel, incorporates guidance on the use of closed sessions, and outlines a practical implementation timeline to ensure compliance, transparency, and positive employee relations before any final Board action.

**Background:** As outlined in the March 18, 2026, Board Memorandum (pages 57-59 of the Employee Handbook), the General Manager currently manages merit/step increases based on performance evaluations, District finances, and the Salary Step Plan. At the March Board meeting:

- Directors said that the Board should be made aware of raises, but that day-to-day employee management should remain with the General Manager.
- Concern was raised regarding the fiscal implications of merit increases and the desire for some level of Board input.

Legal counsel provided the following sample language after the Board President made additional inquiries following a previous regular Board meeting.

**Current Handbook Language** (page 57): Employee Merit Wage/Salary - The General Manager is responsible for evaluating and managing Merit Salary Adjustments for all authorized positions. Merit wage/salary increases for all SYCSD employees are based on employee performance, contributions, and standards.

**Proposed Revised Handbook Language** (per legal counsel): Employee Merit Wage/Salary - The General Manager is responsible for evaluating and administering Merit Salary Adjustments for all authorized positions. Merit wage/salary increases for all SYCSD employees are based on employee performance, contributions, and standards. The General Manager shall present any proposed Merit Salary Adjustment, along with the rationale for the proposal, to the full Board of Directors for consideration, followed by a Board action either to approve, modify, or reject the proposed adjustment.

### **Staff's Implementation Considerations**

- While closed sessions are not legally required, a closed session would likely be the preferred practice for most personnel merit/step-increase discussions as opposed to being held as part of a public setting.
- Most boards treat having legal counsel available as standard good practice during personnel closed sessions. It protects privacy, helps follow the rules, and guards against legal trouble. This is a smart, low-risk way to handle sensitive employee matters fairly while staying compliant with the Brown Act.

- Legal risks are high in personnel talks — Discussions about hiring, firing, performance reviews, discipline, complaints, or merit issues can easily touch on employment laws, due process rules, discrimination claims, privacy rights, or potential lawsuits. With legal counsel present, they can provide real-time advice to ensure everything remains legal and reduce the risk of future problems. This approach protects employee privacy and enables candid discussion.
- When the board takes final action on something in closed session, they must come back to open session and publicly state the action and how each elected official voted.

**Employee Relations:** This change will be perceived as shifting from a performance-driven process to one subject to Board dynamics. Staff will monitor sentiment and incorporate feedback as outlined in the timeline below.

- In the March 18, 2026, Board Memorandum, staff observed the possibility that a change of this nature could prompt employee interest in union representation.
- Consistent with that observation, District employees have contacted representatives from public agency unions to inquire about representation options. These contacts appear to be preliminary and informational.
- Staff believe that incorporating employee feedback about this proposed modification will help ensure transparency and maintain strong working relationships.

**Proposed Timeline** – If the Board directs staff to proceed:

1. Meet with the Personnel Committee and legal counsel (target: late April 2026) to review the draft and then incorporate Committee recommendations.
2. Hold a meeting with personnel to solicit employee input: early May 2026
3. Finalize any new language with legal counsel; and
4. Return to the Board with the final proposed Handbook amendment for consideration and vote at the May 2026 regular meeting (or the next regularly scheduled meeting thereafter).

Staff is prepared to schedule these steps promptly upon Board direction and will coordinate with legal counsel.