

SAN JUAN WATER DISTRICT

Board of Director's Workshop Minutes

March 15, 2016 – 3:00 p.m.

BOARD OF DIRECTORS

Pam Tobin	President
Ken Miller	Vice President
Ted Costa	Director
Dan Rich	Director
Bob Walters	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Donna Silva	Finance Director
Teri Grant	Board Secretary/Administrative Assistant

OTHER ATTENDEES

Tony Barela	SJWD
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AGENDA ITEMS

- I. **Board Workshop – Compensation Studies Policy 3110**
- II. **Public Comment**
- III. **Adjourn**

President Tobin called the meeting to order at 3:00 p.m.

I. BOARD WORKSHOP – COMPENSATION STUDIES POLICY 3110

Ms. Lorance conducted a presentation on *Compensation Studies Policy 3110*. A copy of the presentation will be attached to the meeting minutes. She reviewed historical information, the adoption of the Compensation Studies Policy, an overview of the 2015 Compensation Study and the current Compensation Studies Policy.

Ms. Lorance informed the Board that the 2006 Compensation Study based compensation on the 75th percentile of the labor market and that in August 2013 the Compensation Studies Policy was adopted which structured compensation at 10% above average. In addition, she explained how the 2015 Compensation Study approach was developed and the process that was used. The District has historically set compensation levels above average in order to attract and retain highly qualified employees and signal expectations for job performance.

Ms. Lorance reviewed the current Compensation Studies Policy. She reminded the Board that there were three concerns that the Board wanted to discuss – the Compensation Philosophy section; the 10% above average compensation calculation; and the General Manager's authority.

The Board reviewed the policy and discussed the 2015 Compensation Study. Ms. Lorange commented that any changes to the policy would be implemented in future studies.

Director Costa voiced concern regarding the process of the Compensation Study and the potential upward spiraling of compensation due to the 10% above average formula. He would like to be sure that the District's policy adequately reflects market rate compensation.

Vice President Miller suggested the compensation study be done separately, one for wholesale and one for retail, in order to find like agencies for comparisons. Ms. Lorange informed the Board that the 2015 Compensation Study did include wholesale, retail and wholesale/retail agencies.

Director Walters voiced concern that there are policy, study and application issues regarding the District's compensation, and in addition he was concerned that the study was a salary study and not a total compensation study. In response to Director Walters' comment, Ms. Lorange explained that the District performed a total compensation study which compared salary and benefits between 10-12 comparable agencies, and only the salary range portion was adjusted if needed.

Director Walters suggested that the Board and staff use the policy for purposes of administering the pay and compensation structure. President Tobin commented that the the board could determine market placement at the time of the compensation study instead of having a 10% above average policy. Director Costa commented that the pay and job descriptions need to match.

Director Rich commented that the policy is in the employee manual and states that the study will be conducted every five years. In making revisions, he suggested that the policy state "may be conducted" under the process section. In addition, he suggested that the policy be removed from the Employee Manual and be a separate policy that could be used by the Personnel Committee to determine that compensation is set at the labor market position and adjusted as necessary to remain competitive.

Vice President Miller suggested that policy 3110.00 be titled, "Compensation" or something else. He stated that the section should be directed towards the District and not the employee, such as removing the fair and equitable compensation reference. He stated that the policy is the Board's way to handle compensation. The Board discussed the section and would like Legal Counsel to look at the first section in order to determine if it creates liability or provides protection to the District.

Director Costa commented that the salaries of the WTP staff should be analyzed to show the cost per gallon of water treated. Ms. Lorange commented that would then show that the cost of those salaries are lower than other water treatment plant employees since the District employs a small crew as compared to other agencies for the amount of water that is treated.

President Tobin suggested that the word “Philosophy” be removed from the first section title and agrees that Legal Counsel should review the section. In addition, she agrees that the word “will conduct” should be changed to “may conduct” under the process section. She agrees that the 10% above average should be changed to something like “determine benchmark of labor market placement at time of survey” and include that the study data is reviewed first. She also suggested that the section on cost of living be removed. Ms. Lorance will bring all suggested revisions on the policy to the next Personnel Committee meeting. President Tobin asked the Board members to submit any other suggested revisions to Ms. Lorance before the committee meeting at the end of April.

In response to Director Rich’s comment, Ms. Lorance responded that the Public Information Committee will be discussing communications and safety with customers at their meeting on Friday. Director Walters suggested that more public outreach be completed. President Tobin mentioned that last night’s Telephone Townhall was good, and Ms. Lorance explained on the call that the USBR is responsible for Folsom Dam operations within requirements set by the Corp of Engineers and that it is not the District that is releasing the water.

II. PUBLIC COMMENT

There were no public comments.

III. ADJOURN

The meeting was adjourned at 4:28 p.m.

PAM TOBIN, President
Board of Directors
San Juan Water District

ATTEST:

TERI GRANT, Board Secretary

Compensation, Payroll Practices and Hours of Work

Compensation Studies Policy

March 15, 2016



Overview

- Historical Information
- Adoption of Compensation Study Policy
- Overview of 2015 Compensation Study
- Current Compensation Study
- Discussion

Historical Information

2006 Compensation Survey

- Labor Market
 - Agency size
 - Geographic proximity
 - Industry (water districts or local government)
 - Cost of living differences
 - Cost of wage differences
- Labor Market Position
 - Previously 75th percentile
 - Changed to 10% above average

Adoption of Compensation Study Policy

- May 15, 2013 Board elected to conduct compensation study
- F & A Manager recommended Board adopt Compensation Study Policy
- Adopted August 15, 2013 For inclusion in RFP

August 15, 2013 Board Minutes
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Compensation Study RFP (W/R)

Director Walters reported that the committee reviewed the Compensation Study Request for Proposal (RFP). He explained that the committee agreed that once the policy is reviewed by the Legal Affairs Committee, the RFP will be brought to the Board for approval to issue, which will be discussed under the Legal Affairs Committee report.

For information only; no action needed

2. 2x2 Water Management Ad Hoc Committee (7/12/13)

Ms. Lorance reported that the committee met on July 12, 2013. Since the committee met before the July 24th Joint Board meeting, she referred the Board to the committee meeting minutes which will be attached to the original board minutes.

3. Legal Affairs Committee (8/6/13)

Director Walters reported that the committee met on August 6, 2013 and discussed the following:

- Compensation Study Policy (W/R)
- Standard Contract Indemnity Clause Review (W/R)
- BDCP Budget (W/R)
- Request for Conflict Waiver -- Kirkwood Meadows Water Right Application (W/R)
- Other Legal Affairs Matters (W/R)
- Public Comment
- Closed Session

The committee meeting minutes will be attached to the original board minutes.

Compensation Study Policy (W/R)

Director Walters reported that the Compensation Study policy was reviewed by the committee and Mr. Horowitz confirmed that the wording does not conflict with any legal requirements. Ms. Lorance explained that after the committee met, she inserted two clarifying comments into the policy which she provided as a handout at the Board meeting.

Director Peterson moved to approve the Compensation Study Policy and release of the RFP for the Compensation Study. Director Walters seconded the motion and it carried unanimously.

2015 Compensation Study

- Compensation review process precipitated by:
 - Employees should be recognized for the level and scope of work and paid on a fair and competitive basis allows the District to recruit and retain a high-quality staff
 - Compensation plan that meets the needs of the District
 - Internal relationships of salaries are based upon objective, non-quantitative evaluation factors

2015 Compensation Study

- Comparable Agencies
 - Organizational type and structure
 - Similarity of population, staff and operational budgets
 - Scope of services and geographic location
 - Labor market-area of competition for staff
 - Compensation philosophy

Current Compensation Study Policy

Philosophy

- It is the intention of the District to recruit and retain talented, results-driven employees to support the District's mission, values and goals.
- A compensation program is necessary to provide each employee with fair and equitable compensation for the skills the employee brings to the District and the position in which they serve.
- Pursuant to California Government Code sections 61051(d) and 61060(f), the General Manager has the responsibility to determine the compensation of employees subject to approval by the Board as given during the annual budget process.

Current Compensation Study Policy

Process

- To ensure consistency in setting compensation, it is necessary to compare the District to other survey agencies in the appropriate labor market. Selection of a study lead (consultant, agency, staff member, etc.);
 - Determination of classes to be surveyed (or all as required);
 - Prepare survey criteria and contact survey agencies;
 - Collect, analyze and determine comparability of survey data; and
 - Present recommendations of study lead.
 - Recommendations will be evaluated and implemented at the Board of Directors' discretion.

Current Compensation Study Policy

Methodology

- Total compensation program includes:
 - Base salary;
 - Longevity and other specialized pay
 - District contribution towards health, dental, or vision insurance
 - District payment of employee retirement or deferred compensation contribution
- Survey agencies - those providing similar services of similar size within a radius identified based on position to the extent possible.
- The District will maintain a labor market position at 10% above average using the top of the range unless the sample size or other factors warrant further evaluation.
- Cost of living differences between surveyed agencies and the Sacramento Metropolitan Area will be evaluated to determine if significant wage differences require an adjustment to the data

Current Compensation Study Policy

Authority and Responsibility

- General Manager (or his/her designee)
 - Responsible for preparing a compensation budget
 - Authority to fix and alter employee compensation within the budgetary guidelines approved by the Board of Directors
 - Change or alter the compensation budget during the year by either:
 - Requesting the Board of Directors to authorize the General Manager to make such changes at budget adoption
 - Submitting an amended compensation budget and receiving Board approval for the change

Current Compensation Study Policy

- General Manager
 - Operational Authority
 - Determines staffing requirements, titles, positions, responsibilities and organization structure
 - Establishes salary ranges
 - Sets goals and conducting performance reviews
 - Establishes annual salary adjustments, including annual merit increases and cost-of-living adjustments
 - Creates incentive pay programs
 - Creates programs for position upgrades and special assignments
 - Provides salary and benefit benchmarking information and studies for Board review
 - Creates dual or multiple grade positions as needed
 - Insure the equitable and uniform implementation of this policy including reporting to the Board at least annually, typically during the budget process.
- Board of Directors is responsible for reviewing the compensation budget as part of the District's annual budget and has the authority to consider, amend as needed, and approve that budget.

Discussion

