

Agenda

**Sacramento Suburban Water District
Employee Benefits Ad Hoc Committee Meeting**

3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Wednesday, February 17, 2021
3:00 p.m.

This meeting will be conducted both in-person in the District’s Boardroom at the address above, and by videoconference and teleconference using the information provided below. The public is invited to listen, observe, and provide comments during the meeting by any method provided. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.

Due to State guidelines on physical distancing in public gatherings, the Boardroom can accommodate a maximum occupancy of 14 members of the public at one time. Members of the public shall be admitted on a first-come basis with no reservations. When the occupancy maximum of 14 is reached, any remaining individuals will be directed to attend via video/teleconference remotely. Although the Boardroom will be setup to maintain required physical distancing, attendees must follow current State and County requirements. Prior to entry into the building, attendees will be asked to answer COVID-related health questions. Based on the answers, or if attendee refuses to answer questions, entry may be denied. Face masks are required to be worn at all times. Hand sanitizer and masks will be available at the entrance for attendees to use. Additionally, eating and drinking while in the building is prohibited, as it is not possible to maintain face coverings while eating and/or drinking.

The District recommends that members of the public participate in public meetings via videoconference and/or teleconference per the instructions below.

For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:

Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/88952720125?pwd=SlIMZzIwTzk1V2VOB0JvMGJjZFNnUT09>

Meeting ID: 889 5272 0125

Password: 276175

You can also dial in using your phone: 1-669-900-6833

New to Zoom? Get the app now and be ready when your first meeting starts: <https://zoom.us/>. Zoom uses encryption of data during Zoom meetings. The District uses a secure password to restrict access to scheduled meetings. The meeting host has control of content sharing, recording, and chat

Please mute your line.

Where appropriate or deemed necessary, the Committee may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the address listed above.

The public may address the Committee concerning an agenda item either before or during the Committee's consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Call to Order

Roll Call

Announcements

Public Comment

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

Consent Items

The Committee will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Board member, staff, or interested person requests that an item be removed from the Consent Items, it will be considered with the Items for Discussion and/or Action.

1. Minutes of the August 11, 2020, Employee Benefits Ad Hoc Committee Meeting

Recommendation: Approve subject minutes.

Items for Discussion and Action

2. Merit Program Review

Recommendation: Receive staff report and direct staff as appropriate.

Adjournment

Upcoming Meetings:

- Wednesday, February 17, 2021 at 4:00 p.m., Ad Hoc Water Banking and Transfer Committee Meeting
- Monday, February 22, 2021, at 5:30 p.m., Special Board Meeting
- Monday, February 22, 2021, at 6:00 p.m., Regular Board Meeting
- Monday, March 15, 2021, at 6:00 p.m., Regular Board Meeting
- Wednesday, March 17, 2021, at 4:00 p.m., Facilities and Operations Committee Meeting
- Monday, April 5, 2021, at 4:00 p.m., Regulatory Compliance Committee Meeting

I certify that the foregoing agenda for the February 17, 2021 meeting of the Sacramento Suburban Water District was posted by February 12, 2021 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Minutes

**Sacramento Suburban Water District
Employee Benefits Ad Hoc Committee Meeting
Tuesday, August 11, 2020**

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #830 9259 3780

Call to Order – Videoconference/Audioconference Meeting

Chair Thomas called the meeting to order at 4:00 p.m.

Roll Call

Directors Present: Kevin Thomas and Kathleen McPherson.

Directors Absent: None.

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, Director of Finance and Administration Jeff Ott, Jim Arenz, Cassie Crittenden, and Heather Hernandez-Fort.

Public Present: Terri Ezaki and Katie Huddleston.

Announcements

None.

Public Comment

None.

Items for Discussion and Action

1. Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees’ Medical and Hospital Care Act for 2021 Benefit Plan Year and Medical Plan Analysis

Cassie Crittenden (Ms. Crittenden) presented the staff report and introduced Terri Ezaki (Ms. Ezaki) and Katie Huddleston (Ms. Huddleston) with Epic Consulting.

Ms. Huddleston presented the PowerPoint presentation and answered clarifying questions.

Director McPherson was not in favor of offering District employees a payment if they did not take advantage of the medical benefits offered by the District, as she believed it was not a cost savings to the District. She additionally expressed she believed there should be a cap placed on the payment for opting out.

General Manager Dan York (GM York) expressed the payment was an incentive for District employees, as it cost the District less for the medical program when employees choose to opt-out.

Ms. Huddleston continued presenting the PowerPoint presentation and answered clarifying questions.

The Committee requested a copy of the PowerPoint presentation be sent to them in color.

The Committee agreed to recommend continuing the health benefits with CalPERS for the 2021 benefit plan year for approval to the Board of Directors at the August 17, 2020, regular Board meeting.

Director McPherson expressed she was interested in reviewing some of the District Policies further as she disagreed with paying employees such a high amount to opt out of the District's medical benefits, noting she believed the cap should be a flat rate and it should not fluctuate based on medical plan rates. She requested to see how much the District was paying annually for employees to opt out. She recommended paying somewhere between the highest and lowest, and for the employees to contribute the rest.

GM York noted that staff has hired a consultant periodically to do a full analysis of the benefits package options to ensure the District was doing all it could to save money by selecting the best benefits package, as well as to provide justification for staying with CalPERS each year.

Director McPherson expressed she felt Epic did great work with explaining all of the options, noting the research provided clearly indicated the District should stay with CalPERS, but that she had concerns with some of the District Policies, which she noted should be looked at with the full Board.

2. Medical, Dental, Vision Benefits Analysis

Ms. Crittenden presented the staff report. Ms. Crittenden recommended the District to continue to utilize EPIC for consulting services related to analyzing the District's medical benefit plans.

Discussion ensued regarding cafeteria plans.

Ms. Ezaki noted that the Board should check with CalPERS before making any changes to ensure the changes are allowable based on prior resolutions.

The Committee agreed with staff's recommendation to utilize Epic to analyze the District's medical plans.

3. Merit Program

GM York presented the staff report.

Director McPherson expressed she was in favor of rewarding staff based on performance.

GM York expressed the District places a lot of effort into the performance evaluations for staff and noted that the District had one of the most robust performance evaluation programs in the region.

Director McPherson endorsed the annual Merit Program being set at 5%.

Chair Thomas expressed he was happy with the current rate of 4%.

Director McPherson expressed she believed that 5% was a more reasonable figure.

The Committee recommended that the annual Merit Program be set at 5% based on individual employee performance, which can be adjusted accordingly by the Board at budget time, and endorsed it being presented to the full Board with recommendation of approval.

Adjournment

Chair Thomas adjourned the meeting at 5:26 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 2

Date: February 17, 2021

Subject: Merit Program Review

Staff Contact: Jeff Ott, Director of Finance and Administration

Recommended Committee Action:

No action. Receive staff presentation on the implementation process of the District's Merit Program.

Discussion:

The District's Merit Program is the District's incentive program to award and encourage employees to improve their job performance. Board Policy "PL – HR 003 Employee Performance Evaluation, Merit and COLA Policy" (Attachment 1) has been established to provide guidance and direction on the District's Merit Program.

As the Policy states, the Merit Program is designed to "establish a process to evaluate and assess employee job performance, assist employees in improving performance, provide the basis for merit increases..." Staff believes the intent and purpose of the Merit Program is sound and consistent with the mission statement and goals of the District. Staff is of the opinion that individual performance related to achieving District goals, department goals, and individual goals are best to encourage improved employee job performance.

Staff will present an overview of how the Merit Program is implemented and how individual merit increases are awarded (Attachment 2). The Merit Program is administered as follows: "the total merit increase pool must be approved by the Board of Directors within the annual labor budget. Individual merit increases are determined by the General Manager using a merit-based system based on satisfactory performance reviews."

Each year during the budget process, staff provides the Board with a particular merit percentage, which was typically 4%. During budget discussions, the Board would leave the merit as recommended, or make a motion to decrease to a lower percentage amount. During the 2019 budget discussions, the Board requested information on how the 4% merit recommendation was set. Upon an analysis of prior budgets, there was no defined method of recommending the merit be set at 4%. Staff was directed to conduct a survey to determine if there was a standard practice when setting merit percentages. Staff conducted the survey among thirteen agencies, which determined seven of the agencies provide a 5% merit increase. The remaining six agencies provide merit increase ranging from 1%-4%.

Merit Program Review

February 17, 2021

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Based on the overall survey, staff recommended in the CY2020 Budget a 5% merit increase, of which the Board approved. With a 5.0% merit pool available, staff allocates the merit awards through the Merit Matrix system. For the 2020 merit awards, the District's average was 4.9% with a low award of 3.0% and a high of 6.0%. In the instance that an employee has reached the top of their salary band, they are awarded vacation hours utilizing the Merit Matrix system.

Attachment:

- 1 - Employee Performance Evaluation, Merit and COLA Policy
- 2 - Merit Program Presentation

Sacramento Suburban Water District

Employee Performance Evaluation, Merit and COLA Policy

Adopted: October 20, 2003

Revised: October 17, 2011; December 16, 2013; November 16, 2015; October 16, 2017

100.00 Purpose of the Policy

The purpose of this policy is to establish a process to evaluate and assess employee job performance, assist employees in improving performance, provide the basis for merit increases and cost-of-living adjustments (COLA), and provide historical documentation of employee performance.

200.00 Policy

It is the District's policy to provide a program for advancement of its employees within the pay/salary bands for their positions using a merit-based system based on performance and goal achievement through an evaluation process. Performance evaluations are intended to help the employee better understand his/her job responsibilities; improve job performance in relation to the District's mission statement, values, goals and principles; measure and enhance individual performance; recognize and reward employee contributions; and foster professional development and career growth. The process is also intended to increase productivity, correct issues before they become serious problems for the individual or the District, and meet internal and external needs for documentation of individual performance. Performance evaluations are an essential part of an individual's employment experience with the District and serve as the basis for several employment-related actions including, but not limited to, completion of introductory periods, determination of merit increases and COLA, promotions and transfers. In addition, they serve as tools for placing employees on notice of performance deficiencies that, if uncorrected, may lead to corrective actions up to and including termination. The total merit increase pool must be approved by the Board of Directors within the annual labor budget. Individual merit increases are determined by the General Manager using a merit-based system based on satisfactory performance reviews. Introductory employees are eligible to receive an annual COLA, if any, in the absence of any documented performance issues.

300.00 Authority and Responsibility

The General Manager is responsible for administering this policy and has established a process for evaluating and assessing job performance and compensation guidelines as set forth in the Employee Performance Evaluation, Merit and COLA Procedure (PR-HR 001).

400.00 Policy Review

This policy will be reviewed at least biennially.

SSWD MERIT PROGRAM

Employee Benefits Ad-Hoc Committee
February 17, 2021

SSWD - EMPLOYEE COMPENSATION POLICY (PL-HR 002)

ADOPTED: JULY 19, 2004

REVISED: NOVEMBER 16, 2020

200.00 (c)

- ▶ It is the District's policy to provide a program for advancement of its employees within the pay/salary range of their position using a merit-based system based on objective, regular goal setting and performance evaluations.

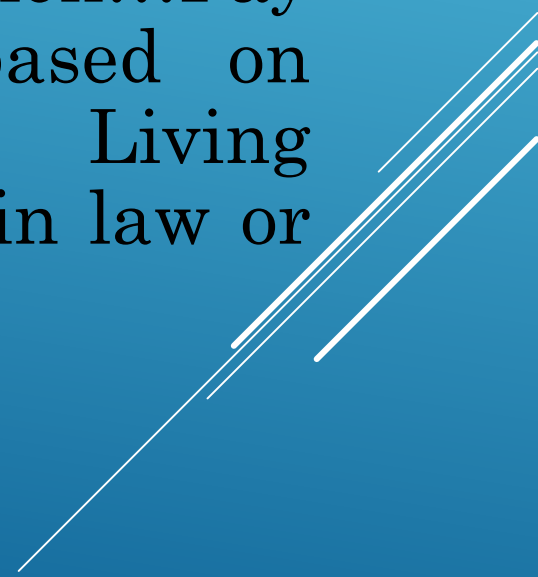
PERFORMANCE EVALUATION FORM

PERFORMANCE EVALUATION FORM

SSWD EMPLOYEE HANDBOOK

Section III (F) Pay Rate and Bands, COLA and Merit Increases:

The District has established pay/salary bands that provide minimum and maximum pay rates for each position...Pay rates are subject to change based on performance/merit, Cost of Living Adjustment (COLA) and changes in law or District policy...

A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, set against the blue background.

SECTION III(F) (CONTINUED)

Merit increases, if any, are given based on performance and in accord with current District business circumstances. There are no automatic pay increases. The General Manager will recommend merit increases as part of the budget process and the amount approved by the Board will be allocated by the General Manager in a manner that best represents performance level and responsibilities.

**THE DISTRICT BOARD OF DIRECTORS
APPROVED THE FOLLOWING INCREASES
IN THE CY2021 BUDGET:**

1.8% COLA

5.0% Merit

(CY2020 = 2.5% COLA and 4.0% Merit)

HISTORICAL COLA & MERIT

COLA	0.70%	3.00%	**	2.50%	1.80%
Merit Proposed	4.00%	4.00%	3.00%	4.00%	5.00%
Merit Received	3.00%	3.00%	**9.68%	4.00%	5.00%
**2019 Final salaries were based on market median per the 2018 compensation study. A 9.68% equity adjustment was approved.					

MERIT PAY MATRIX

Merit Pay Matrix - Non Exempt

		<60	60-69.99	70-79.99	80-84.99	85-89.99	90-94.99	95-100
		0	60	70	80	85	90	95
>110%		-	40	60	80	100	110	120
105.00%	109.99%	0.0%	2.00%	3.00%	4.00%	5.00%	5.50%	6.00%
100.00%	104.99%	0.0%	2.00%	3.00%	4.00%	5.00%	5.50%	6.00%
95.00%	99.99%	0.0%	2.00%	3.00%	4.00%	5.00%	5.50%	6.00%
90.00%	94.99%	0.0%	2.00%	3.00%	4.00%	5.00%	5.50%	6.00%

Merit Pay Matrix - Exempt

		<60	60-69.99	70-79.99	80-84.99	85-89.99	90-94.99	95-100
>115%		-	40	60	80	100	110	120
107.50%	114.99%	0.0%	2.00%	3.00%	4.00%	5.00%	5.50%	6.00%
100.00%	107.49%	0.0%	2.00%	3.00%	4.00%	5.00%	5.50%	6.00%
92.50%	99.99%	0.0%	2.00%	3.00%	4.00%	5.00%	5.50%	6.00%
85.00%	92.49%	0.0%	2.00%	3.00%	4.00%	5.00%	5.50%	6.00%

**STAFF AT THE TOP END OF THEIR
PAY SCALE RECEIVE VACATION
HOURS WHICH CAN BE TAKEN AS
TIME OFF OR CASHED OUT IN PART
OR IN FULL.**



COLA AND MERIT CALCULATIONS

Current Hourly Salary	Current Comp Ratio	2021 Salary Range (w/ COLA)				COLA	Other Adjustments	2021 Adjusted Salary (Current + COLA)	
		Low	High	Mid Pnt	COLA			Adjusted Comp Ratio	
					1.80%				
34.98	97.57%	29.20	36.50	32.85	\$ 0.63		\$ 35.61	97.56%	
30.73	85.73%	29.20	36.50	32.85	\$ 0.55		\$ 31.28	85.70%	
26.36	80.85%	26.55	33.18	29.86	\$ 0.47		\$ 26.83	80.86%	
46.50	100.00%	37.87	47.34	42.61	\$ 0.84		\$ 47.34	100.00%	

Current Hourly Salary	Current Comp Ratio	Salary Range (w/ High)	Eval Rating	Merit Percent Awarded	Merit Percent Given	Merit Dollars	Merit Vacation Hours	Merit Vacation Dollars	Hourly Adjusted Salary	Adjusted Comp Ratio	Adjusted High Salary Band
				5.00%	5.00%						
34.98	97.57%	36.50	87.67	5.00%	2.54%	0.89	49.11	1,718.00	\$ 36.50	100.00%	\$ 36.50
30.73	85.73%	36.50	87.67	5.00%	5.00%	1.54	-	-	\$ 32.82	89.92%	\$ 36.50
26.36	80.85%	33.18	81.00	4.00%	4.00%	1.05	-	-	\$ 27.88	84.03%	\$ 33.18
46.50	100.00%	47.34	84.57	4.00%	0.00%	-	80.00	3,720.00	\$ 47.34	100.00%	\$ 47.34

COLA AND MERIT AWARD SUMMARY

85.9% of COLA was awarded (\$14,993 unawarded)
86.6% of Merit was awarded (\$39,588 unawarded)
Average Merit was 4.9% (2020)

