

Minutes

Sacramento Suburban Water District
Employee Benefits Ad Hoc Committee
Monday, May 3, 2021

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id # 833 6272 5954

Call to Order – Videoconference/Audioconference Meeting

Chair McPherson called the meeting to order at 3:30 p.m.

Roll Call

Directors Present: Kevin Thomas and Kathleen McPherson.

Directors Absent: None.

Staff Present: General Manager Dan York, Heather Hernandez-Fort, Amy Bullock, Susan Schinnerer, Matt Underwood, Jeff Ott, Erik Flaa, and Dana Dean.

Public Present: Bill Eubanks, Robert Wichert, Josh Horowitz, Terri Ezaki, Katie Huddleston, Dave Jones, and Craig Locke.

Announcements

General Manager, Dan York (GM York) announced:

- The Finance and Audit Committee Meeting is scheduled for Wednesday, May 5, 2021, at 4:00 p.m.;
- Beginning at the May 17, 2021, regular Board meeting, all meetings going forward will be both in-person as well as virtual;
- The ACWA Virtual Spring Conference is May 12 through 13, 2021, and the registration deadline is May 7, 2021.

Public Comment

None.

Items for Discussion and Action

1. Benefits Program Analysis

Susan Schinnerer (Ms. Schinnerer) presented the staff report and introduced Terri Ezaki (Ms. Ezaki) and Katie Huddleston (Ms. Huddleston) with Edgewood Partners Insurance Center, Inc. (EPIC).

Ms. Ezaki and Ms. Huddleston presented a PowerPoint presentation on benchmarking results and cash in lieu alternatives, and answered clarifying questions.

Chair McPherson requested a copy of the presentation.

Director McPherson expressed she was interested in having the Committee make a recommendation to the full Board to cap the amount for cash in lieu alternatives, expressing she would be interested in making that change during open enrollment. She expressed she felt the District was overly generous in that area, and was unsure of exactly what amount would be reasonable, noting \$300 or \$400 was a little too high.

Ms. Schinnerer suggested holding off on any recommendations until they were able to present all the items if possible.

Ms. Ezaki and Ms. Huddleston presented several options such as a tiered approach, or a multi-year approach. They encouraged the Committee to use clear communication with staff about any changes.

Director Thomas stated it was difficult to decide what the best approach would be, noting he was comfortable with \$300 and that he would be interested in making the change in a year, allowing staff time to prepare.

William Eubanks (Mr. Eubanks) suggested dropping the amount to zero, as he felt it was a gift of public funds.

Director Thomas noted that the program was a cost savings to the District.

Chair McPherson expressed that she was interested in making the amount more reasonable.

GM York expressed that the program was established back in 2005 in an effort to save money for the District, noting that at that time, the amount was less, as insurance costs were lower in 2005.

Ms. Ezaki expressed that dropping the program to zero would make a substantial impact on District staff, as they have had the program for years, and have adapted to the additional income.

Erik Flaa (Mr. Flaa) expressed he was a staff member participating in the program and pointed out that the program was being called a cost to the District, when in fact, he stated, it was a savings to the District. He expressed that if those staff members took advantage of the insurance coverage offered by the District, instead of the cash in lieu program, it would double the amount the District had to pay. He added that by lowering the amount, there was a potential that some, if not all, staff members would no longer participate in the program, and instead opt for the insurance coverage instead.

Chair McPherson inquired if Mr. Flaa would opt for the insurance coverage if the amount changed.

Mr. Flaa expressed he would decide what would be in the best interest of his family based on the amount that will be implemented.

2. Employee Handbook Overview

GM York presented the staff report and introduced District Legal Counsel Josh Horowitz (Mr. Horowitz) who provided clarification on the authority levels that the Board and General Manager has over the District's employee handbook.

Chair McPherson expressed she was interested in removing any reference to employee benefits and employee compensation from the handbook, and wanted to ensure there were dates cited when items related to the handbook were approved by the Board.

Mr. Horowitz agreed stating that would be a good practice. He noted that San Juan Water District recently revised their handbook which included a statement at each chapter that identified if the section was approved by the Board or not.

Chair McPherson expressed concern over the handbook given what just took place at Carmichael Water District (CWD).

Mr. Horowitz expressed that the District had much tighter policies than CWD, noting there was a more thorough budget review, including fraud procedures as a part of the District's audit. He noted that was an additional procedure, not required in standard audits, and expressed the District had a great degree of confidence.

Director Thomas inquired if there were any suggestions that Mr. Horowitz had that the District could improve upon.

Mr. Horowitz expressed that the District was already a model District, and that the District demanded a high degree of detail in its budgeting and oversight. He stated that the Committee had the authority make recommended changes to the handbook if they so choose.

GM York expressed that staff was currently working on improving the District handbook in an effort to make it more current and cohesive.

Director Thomas recommended to review the handbook every 2 or 4 years.

The Committee requested to bring an item to the May regular Board meeting requesting staff separate out the policies that the General Manager is responsible for, and policies that the Board is responsible for, and place them in separate documents.

Mr. Eubanks inquired what happened at CWD.

Chair McPherson expressed that CWD had policies in their handbook that effected employee compensation and benefits. She stated it was determined that those policies were not approved by their Board.

Chair McPherson expressed that compensation and benefits needed to be removed from the handbook and put in a special Board policy document, which was cited and noted when anything changed.

3. Employee Handbook Review

Ms. Schinnerer presented the staff report and answered clarifying questions.

Chair McPherson requested staff look into the cost impacts on sick leave payout upon retirement. She expressed concern over the exposure to the District if a person built up their sick leave and then cashed it out upon retirement.

Ms. Schinnerer expressed she could look into it to gather more details.

Chair McPherson inquired what the current cost was, and what the change would involve in terms of cost.

GM York expressed staff could look at the current list of employees to show the highest, lowest and an average of employee sick leave accrual.

Discussion ensued on vacation and sick leave buyout.

Chair McPherson requested for the other Directors to be given a copy of the reports in the packet so they were up to speed and expressed that they should address the benefits one by one. She stated she was unsure about exactly what to do about the Cash in Lieu benefits, noting she wanted to do something.

Director Thomas expressed that he was not exactly sure what to do with the cap amount either, but he was thinking around \$250, and allowing a ramp up period.

Chair McPherson clarified that her recommendation was to cap the cash in lieu at \$300 effective January 2022, and make it effective with all new hires. She expressed that the Board would need to decide on what option to go with. She also recommended to cap vacation accrual at 400 hours max. She expressed that the Committee needed to look further into the sick leave item.

Director Thomas expressed that he was interested in easing into the changes, noting that he was interested in giving staff time to adjust and that January might be too soon. He added that he was interested in what the other Directors thoughts were on all the topics.

The Committee agreed that there should be input from all Directors.

The Committee agreed to bring a recommendation to the full Board at capping the vacation hours at 400 hours.

Discussion ensued over selecting one of the two options and making a recommendation to the Board. The Committee did not agree on a selection, as further discussion was needed.

The Committee recommended that the Board choose option one or two at the May regular Board meeting.

Mr. Eubanks recommended to eliminate committees, as all items go to the Board for discussion anyway.

Chair McPherson expressed there was a lot of information to digest.

Adjournment

Chair McPherson adjourned the meeting at 5:16 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District