



**District Attendees**

Dave Underwood	Board President
Misha Sarkovich	Board Vice President
Michael McRae	Board Member – Personnel Committee Chair
Randy Marx	Board Member
Tom R. Gray	General Manager
Stacy Miller	HR Administrator

**Other Attendees**

Shellie Anderson	Bryce Consulting
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**Absent**

**AGENDA ITEMS**

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**I. Call to Order**

The meeting was called to order at 5:39 p.m.

**II. Public Comment**

None.

**III. Discussion**

**1. Discussion on the Fair Oaks Water District’s Salary and Compensation Survey**

- Shellie Andersen of Bryce Consulting presented the Board with a list of agencies used in the survey and stated that Orangevale declined to participate. She stated that all the other agencies fully participated and job descriptions, salary and benefit data of the agencies listed were used in comparison to the new FOWD job descriptions.
- Ms. Andersen stated that, as agreed upon, she calculated the labor market statistic median which was based on maximum base pay; PERS pick up, deferred comp and longevity pay were added in for total cash. The paid

benefits were then added in along with Social Security and employer paid PERS (with the ER portion backed out) for total compensation.

- Ms. Andersen presented all of the data to the Board for review. She stated that our benefits are very rich compared to the labor market. She stated that what FOWD pays towards health insurance is more than most other agencies.
- Ms. Andersen pointed out six FOWD positions that are below the labor market, (Finance & Management Assistant, Finance Manager, General Manager, Human Resource Administrator, Operations Manager and Operations Superintendent) stating that all others were above market.
- Ms. Andersen stated that where agencies in the past may have just considered base pay, there is a shift now to consider total compensation due to the importance of the rising cost in benefits.
- Ms. Andersen stated it's common to see shifts like these where once the benefits and PERS pick-up are rolled in, it makes a large difference from base pay to total compensation. Ms. Andersen stated the importance of making sure employees understand how valuable their benefits are to their compensation package.
- Vice President Sarkovich inquired about comparability. Ms. Anderson explained that is the number of other classifications compared. Vice President Sarkovich stated that one agency may have a General Manager who has been there for 25 years and the agency may be larger, more like comparing apples to oranges. Ms. Andersen confirmed that comparing General Managers is somewhat different than other classifications as they most always have a contract.
- Ms. Anderson stated that the Customer Service Manager was a tricky classification to compare and that is why there are only 3 comparisons; some agencies have their Customer Service Manager under Finance, some oversee all Conservation, they tend to be very different.
- General Manager Gray asked Ms. Andersen how retirement medical worked into the data presented. Ms. Andersen stated that it wasn't represented in the data because you can't get retirement medical as an active employee. She stated she could add another column to the sheet to show which agencies offered it and what the market was paying for retirement medical.
- Ms. Andersen stated that pretty much every one of the service agencies that she has surveyed offer some type of retirement medical insurance.
- Vice President Sarkovich asked how the data was collected. Ms. Anderson responded that they often used website data then called or emailed the agency for confirmation.
- Vice President Sarkovich asked why there are discrepancies between agencies in medical benefits. Ms. Andersen explained that one example may be an agency only pays 100% of the lowest plan offered; those employees wanting a richer plan would then have to pay to buy up. She stated the numbers reflected on the data survey sheets represent the most an agency is willing to pay towards the benefit plan.

- Director McRae, Board Chair, asked Ms. Andersen if anything other than the richness of the FOWD benefits stood out to her in the survey.
- Ms. Andersen stated that the classification of Water Supply Operator was difficult to match and therefore there wasn't enough data to compare. General Manager Gray stated that SJWD and CWD both have treatment operators and those classifications would be a match when considering equal required certifications.
- Ms. Andersen stated that the Board had instructed her to only use retail so she had not considered looking at those classifications in treatment and would now go back and revise.
- Ms. Andersen also stated that she did not get enough data for the Water Quality Tech, IT Tech, and Sr. Engineering Tech, who all came out above market. She stated they were all in the same (salary) band and would like to get more data in order to see if it changed anything.
- President Underwood asked, "What are the bands if you did a normal curve, statistically what kind of band for each position would there be?" He used the CS Representative as an example of being 11.3% higher than the labor market and asked if there is anything to show us what is a reasonable range for each classification would look like so we could determine if anyone was way off, if we could identify which positions needed to be brought up or have increases suspended.
- Ms. Andersen stated that a normal threshold would be 5%, if you were within 5% above or below market a lot of organizations would consider that as pretty good. She stated the Board may want to focus on those classifications outside of the 5%.
- General Manager Gray stated that generally, most public agencies have step raises every year. He stated that SJWD pays their employees at the top of the range where FOWD strives for the incumbent, a journeyman to make midpoint with higher pay awarded to those with more experience and longevity and doing things beyond the journeyman level; you don't automatically top out.
- HR Administrator Miller stated the need to look at what the recommended ranges should be and then see where the current classifications actually are.
- Ms. Andersen stated that the FOWD certifications tend to be on the high end; she stated that FOWD requirements are higher than the market on most classifications.
- General Manager Gray asked Ms. Andersen to provide an overview of what would be provided in the final report.
- Ms. Andersen stated her next steps would be to gather more data for the classifications where there wasn't enough, she also stated that she needed to develop recommendation and asked for some level of direction as to what the threshold should be. She confirmed her recommendation to use the median and stated she would provide recommendations for the salary ranges as well.
- General Manager Gray asked Ms. Andersen to confirm that there would be verbiage explaining the data comparisons. She stated her recommendations

should make sense to FOWD internally and that the final report would explain what they did and how they did it so the methodology is understood.

- Ms. Andersen stated that as of today we only have a handful that are below market and they are predominately Management staff. General Manager Gray stated that is on purpose.
- Director Marx asked if the final report would show the difference in health plans between agencies. Ms. Anderson stated that most plans offered by JPIA and CalPERS are comparable; however, she could show what employees of each agency contribute to their health package.
- General Manager Gray stated that HR Administrator Miller had just completed a presentation to all FOWD employees emphasizing the value of their benefits and explaining the trade-off of having a rich benefit package in lieu of a retiree medical plan. He stated that the trade-off is not shown in the total compensation numbers.
- General Manager Gray stated that retiree medical benefit is an incentive to employees to stay longer as their percentage grows with longevity.
- President Underwood asked how the final report would be delivered. General Manager Gray recommended that Ms. Anderson compile the final draft and bring it back to the Personnel Committee for vetting and revisions. The final report would be presented at a second Personnel Committee meeting to determine an implementation plan and finally be presented at a Board Meeting as a final document with a staff report explaining implementation.
- Ms. Andersen suggested sending the draft report out electronically to the Personnel Committee members before the first meeting so they would have time to review all of the information and mark it up as needed.
- HR Administrator Miller inquired about the current FOWD employee compensation policy and addressing any necessary changes to the policy prior to implementation.
- General Manager Gray stated the policy could be discussed at the next Personnel Committee meeting and adopted at the Board Meeting with recommendations from the Budget Committee for implementation.
- Vice President Sarkovich asked if all meetings and implementation could happen in 2016. Ms. Andersen confirmed that she could have the final draft next week. HR Administrator Miller stated she would work to get the meetings set up and General Manager Gray asked that the implementation be decided on prior to 2016 employee performance evaluations, stating that is a good time to roll it out.

#### **IV. Public Comment**

None.

#### **V. Adjournment**

With no further business to come before the Board, Chair McRae adjourned the meeting at 6:38 PM.

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The Board approved the preceding minutes on November 14, 2016

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Tom R. Gray  
General Manager/Board Secretary

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Date