

RESOLUTION NO. 19-1011

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE JOSHUA BASIN WATER DISTRICT APPROVING THE COMPENSATION PLAN FOR THE MANAGEMENT SUPERVISORY, AND CONFIDENTIAL UNIT

WHEREAS, the Board of Directors of the Joshua Basin Water District (hereafter "District"), amends and restates the compensation plan for the unrepresented Management, Supervisory, and Confidential employees (hereafter "MSC"); and

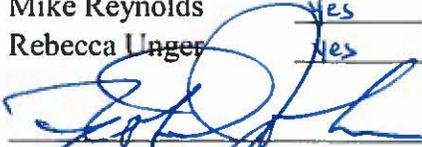
WHEREAS, other benefits included in the employee handbook and any benefits provided prior to the adoption of Resolution 19-1011 remain in full effect;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Joshua Basin Water District hereby:

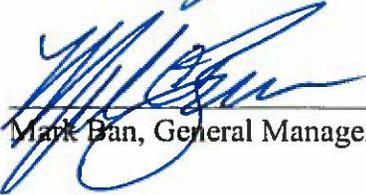
- 1) approves the attached MSC compensation plan.

ADOPTED, SIGNED AND APPROVED this 29th day of October 2019.

Tom Floen	<u>Yes</u>
Geary Hund	<u>Absent</u>
Robert Johnson	<u>Yes</u>
Mike Reynolds	<u>Yes</u>
Rebecca Unger	<u>Yes</u>



Robert Johnson, President, Board of Directors



Mark Ban, General Manager and Board Secretary

JOSHUA BASIN WATER DISTRICT
MEETING AGENDA REPORT

Meeting: Board of Directors

October 29, 2019

Report to: President and Members of the Board

Prepared by: Sarah Johnson

TOPIC: Compensation Plan for the Management, Supervisory and Confidential employees of the District.

RECOMMENDATION: Staff recommends that the Board of Directors adopt the attached Resolution 19-1011 approving a revised compensation plan for the Management, Supervisory, Confidential employees (hereafter "MSC").

SUMMARY:

The last Compensation Plan, Resolution 17-974, was adopted in May of 2017 for the MSC employees. Board resolutions in recent years have brought the MSC employees into parity with represented employees in terms of cost of living adjustments and health and welfare benefits. The MSC employees now see an opportunity to express their distinct needs and wishes to the Board and to request approval of items specifically applicable to them. In an effort to streamline and facilitate the Board's decision process, the MSC employees present Resolution 19-1011 concurrently with the Board's consideration of the union employees' proposal.

MSC Compensation Plan proposed provision changes are as follows:

1. MSC Employee Compensation

- Effective the first full pay period following Board approval bargaining unit members receive cost of living increase of 3.25% (FY2019/2020).
- Effective the first full pay period after July 1, 2020 bargaining unit members receive a cost of living increase of 2.5% (FY2020/2021).

2. Merit Increases – Annual Performance Evaluations

Merit increases shall be based upon a 3-tiered evaluation score as follows: Exceeds Expectations: 2-Step Increase; Meets Expectations: 1-Step Increase; Not Meeting Expectations: No Increase. This is from a 5-tiered evaluation scoring system - Excellent: 2-Step Increase; Above Average: 1-Step Increase; Satisfactory: No Increase; Needs Improvement: No Increase; Unsatisfactory: No Increase.

3. Health & Welfare

- NO CHANGE: Tier I – Employee's Hired before January 1, 2017 Allowance of \$1800 to \$1800 per month for the required enrollment in medical, dental, and vision plans. Employees can receive cashback on any unused portion of the monthly contribution cap that is not used healthcare enrollment. No Increased Fiscal Impact.
- NO CHANGE: Tier II – Employee's hired between January 1, 2017 – September 3, 2019 and were enrolled in voluntary insurance products during the 2016-2019 MOU. Allowance of \$1800 per month for the required enrollment in medical, dental, and vision plans. Employees can use the unused portion of the monthly contribution cap to purchase

any insurance products offered by the District (example: voluntary Colonial products). Employees in this tier cannot receive cashback on any unused portion of the monthly contribution cap. No Increased Fiscal Impact.

- NEW Tier III – Employee’s Hired after to January 1, 2017
Effective the first pay period following board approval, the District shall contribute and pay 100% toward group medical, dental, and vision premiums for the employee and their eligible dependents, subject to a monthly cap. The monthly cap shall be calculated utilizing the monthly premiums for the group medical Kaiser HMO with Chiro Family Plan, 3307 Delta Dental Family Plan, and 4029 VSP Composite Plan.

For FY2019/2020, employees in this tier health benefits allowance will be increased by an additional \$185.55 per month (from \$1,800 to \$1985.55 per month).

- NEW – Effective first full pay period following January 1, 2020 the District will sponsor Long Term Disability Insurance for bargaining unit members. This is an increase of approximately \$25 per month per member.

4. Working Hours, Holidays

- Effective the pay period beginning, 12/21/2019, MSC employees will move to a four ten work week (ten hours per day, four days per week Monday – Thursday) from the nine-eighty work week (nine hours per day Monday – Thursday, eight hours on Friday, with every other Friday off).
- Effective FY2019/2020 MSC employees will receive Christmas Eve and New Year’s Eve as paid holidays. This results in a net one holiday increase.
- Effective FY2020/2021, MSC employees will no longer receive the Friday after Thanksgiving as a paid holiday.

5. Tuition Reimbursement

Effective the first full pay period after approval by the District’s Board of Directors, and with the discretion of the General Manager, educational assistance is available to regular full-time MSC employees who desire to obtain skills and/or knowledge that enables them to become more proficient in their present duties and/or prepare them for future assignments. This education may occur after regular working hours at a college, vocational trade school, or through a self-study correspondence course that leads to a certificate, license or diploma related to the District operations.

Regular full-time MSC employees may receive reimbursement for pre-approved off-duty educational expenses (including tuition, books, required fees, and parking) in accordance to grades earned and rules set forth in the employee handbook. Grades “C” or higher and Passes in a pass/fail course(s) = 100% refund subject to budgetary caps. Grades below a “C” or a Fail in a pass/fail course will not be eligible for reimbursement.

6. 457 Deferred Compensation

Effective the first full pay period after January 2020 MSC employees receive a matching contribution equal to 25% of the employee’s contribution, not to exceed \$1000 per calendar year (from 10% of the employee’s contribution, not to exceed \$700 per calendar year).

7. Employee Handbook

Effective following Board approval, MSC employees will be subject to the provisions of the Employee Handbook.

8. Other items include new or updated policies including: safety boot allowance for MSC field employees, credential reimbursement, vacation accrual changes, sick leave updates to meet current California paid sick leave law and the removal the accrual cap payout provision, and the wellness program. There are no costing changes to the longevity pay, life insurance benefits, or tuition reimbursement.

JUSTIFICATION:

The MSC employees carefully considered many potential benefits in their discussions. The items they selected for inclusion in Resolution 19-1011 are those benefits they believe will prove advantageous not only them but will provide the most benefit to future MSC employees and the District as a whole, in the ways described below.

- A more skilled workforce. Recruitment and retention of a skilled workforce is of vital importance. The District faces retirement of approximately 25% of its employees over the next five years, including several key employees. It will need to compete with other employers to attract the best individuals to fill those vacancies. New employees will expect benefits that meet or exceed industry standards. The District is also growing in size and complexity in response to a growing population in Joshua Tree. New recruits will likely be experienced employees from this talent pool. Many will have families, and some may be recruited from other water districts where they enjoyed robust benefits. The District must be prepared to offer comprehensive benefits to recruit future employees.
- Continuous professional development. The MSC group is comprised of professionals who consistently seek to improve their performance through education, training, and increased understanding of how they can contribute to the District's mission. Ensuring that funds are available for the pursuit of such endeavors is essential for recruiting and retention and for fostering a progressive work environment rich in professional development. Just as the District strives to improve the quality of its operations over time, its employees aspire to elevate the skills they contribute to the District.
- Healthier, more productive employees. It is vital for the District to keep the water flowing, but equally important to promote and maintain a healthy and productive workforce. Instituting health and wellness measures achieves this goal by offsetting negative side effects of managing existing workloads while taking on new public service offerings, such as mainline replacement. Health and wellness measures can reduce employee healthcare costs, reduce lost work time due to illness, and improve the District's professional image. Adopting such measures will send a clear message to future and existing employees that the District cares about its employees and their health and wellbeing.

FISCAL IMPACT:

The annual cost is 6.1% over the contract period. These costs align with the cost of living index for Riverside-San Bernardino-Ontario area from Sept 2018 to Sept 2019 which was 3.1%.

Adoption of Resolution 19-1011 would result in the following costs over the next 22 months:

Items	YR. 1 -FY 19/20	YR. 2 -FY 20/21	Total
Wages	29,307.40	22,672.73	\$ 51,980.13
Health & Welfare	3,711.00	4,453.20	\$ 8,164.20
Boots	75.00	75.00	\$ 150.00
Bereavement	670.28	849.76	\$ 1,520.04
Long Term Disability	1,350.00	2,700.00	\$ 4,050.00
457 Plan	1,640.00	1,968.00	\$ 3,608.00
Holidays	4,176.51	4,301.80	\$ 8,478.31
Credential Reimbursement	700.00	700.00	\$ 1,400.00
Vacation Accrual	2,441.92	4,289.08	\$ 6,731.00
TOTAL	\$ 44,072.11	\$ 42,009.57	\$ 86,081.68

The costs of the MSC Compensation Plan implementation will not require FY19/20 budget adjustments due to the vacancy of two budgeted positions.

STRATEGIC PLAN ITEMS:

3.1.3 – Update Performance Evaluation System

3.1.5 – Engage in Labor Relations, Including Negotiations

3.1.7 – Prepare & Create Process for Succession Planning - Prepare for knowledge retention & future recruiting strategies.

Management, Supervisory, Confidential Employee's Compensation Plan

A. Salaries

Effective with first full pay period starting after approval by the District's Board of Directors, the salary and salary ranges for all MSC classifications shall receive a cost of living increase for all steps equal to 3.25%.

Effective with the first full pay period starting in July 2020, the salary and salary ranges for all MSC classifications shall receive a cost of living increase for all steps equal to 2.5%.

B. Merit Increases – Annual Performance Evaluations

Each regular MSC employee shall be evaluated utilizing a performance evaluation form approved by the General Manager or their designee. The timing of evaluations shall occur as outlined in the Employee Handbook. Merit increases shall be based upon the evaluation score as follows:

Exceeds Expectations: 2-Step Increase

Meets Expectations: 1-Step Increase

Not Meeting Expectations: No Increase

No employee will be entitled to salary in excess of the top step for the employee's classification.

C. Longevity Pay

Each regular MSC employee shall be eligible for longevity pay in the following amounts:

After 10 years of continuous District service: \$20.00 per month;

After 15 years of continuous District service: \$40.00 per month; and

After 20 years of continuous District service: \$60.00 per month.

Although stated as a monthly amount, the longevity pay shall be paid in each pay period in an amount equal to the monthly amounts stated above. Continuous District service preceding the approval of this resolution by the District's Board of Directors shall count toward meeting the service thresholds described above.

D. Safety Boot Allowance for Eligible Employees

Effective the first full pay period after approval by the District's Board of Directors, regular full-time MSC employees will be provided a boot allowance up to \$225.00 per calendar year. Eligible classifications include the Production Supervisor, Distribution Supervisor, AGM-Operations, or as determined by the General Manager.

E. Health & Welfare Benefits

Group Health Insurance

The District provides group medical, dental, and vision insurance for regular full-time MSC employees and their eligible dependents. Coverage shall begin on the first day of the month following one month of continuous employment. The District shall contribute toward the monthly premiums for medical, dental, and vision plans for the employee and their eligible dependents, subject to a monthly cap. The employee is responsible for any costs above the monthly cap.

Eligibility must be proven to enroll dependents (i.e., birth certificate, marriage license, etc.). It is mandatory to report changes in dependent status within thirty (30) days of the event (such as adding a dependent(s) due to birth or adoption of a child, adding a spouse, or deleting a dependent due to divorce or death).

Any employee who is regularly scheduled to work less than forty (40) hours per week is not eligible for a District contribution or to enroll in group health benefits.

Health Plans

To learn more about the District health plans, review the Summary of Benefits and Coverage (SBC) documents available from Human Resources. Each employee is encouraged to review SBC's before selecting their health plans.

Medical Enrollment

Eligible employees may choose from available medical plans offered. All regular full-time employees shall be enrolled in a District provided medical insurance at a minimum employee level. Dependent coverage is optional.

Dental Enrollment

All regular full-time employees shall be enrolled in the District provided dental insurance at the minimum employee level. Dependent coverage is optional.

Vision Enrollment

All regular full-time employees and all their eligible dependents shall be enrolled in the District provided vision insurance plan.

District Contribution for Group Health Insurance - Effective the first full pay period after approval by the District's Board of Directors.

Legacy - Employee's Hired before January 1, 2017 and selected the legacy option during the 2017 open enrollment.

The District shall contribute \$1,000.00 per month for each eligible MSC employee to be used for employee health, dental, vision, and related insurance benefits.

MSC employees who selected the legacy option during open enrollment 2017 are permitted to opt out of the District medical plan, only if they provide proof of other acceptable alternative group medical coverage. The employee must submit a signed written notice of declination indicating that the employee is declining the District's medical insurance coverage along with proof of acceptable alternative group coverage annually.

The MSC employee will be required to participate in dental and vision insurance benefits. From the monthly benefit, the District shall deduct the mandatory premiums for dental at the employee only rate, and the mandatory premium for vision at the composite rate.

The MSC employee is permitted to use the balance of the contribution for any related insurance benefit offered by the District. The MSC employee is permitted to receive the unused balance of the contribution as a cash benefit. The cash benefit may be subject to taxation.

If the Legacy MSC employee has a qualifying loss of acceptable alternative group medical coverage, the employee must notify the District of their loss in coverage as soon as possible. The employee would become eligible to enroll in the District provided medical plan (subject to applicable waiting periods) under Tier III provisions.

Tier I – Employee’s Hired before January 1, 2017

The District shall contribute toward the group medical, dental, and vision premiums, up to a maximum monthly cap of \$1800.

Employee’s hired prior to January 1, 2017 are entitled to receive cashback on any unused portion of the monthly contribution cap that is not used by the required enrollment in medical, dental, and vision plans. The cashback will be paid as an addition to the employee’s paycheck, in accordance with the District’s normal pay schedule, and will be recorded as taxable (non-PERS) income.

Tier II – Employee’s hired between January 1, 2017 – September 3, 2019 and were enrolled in voluntary insurance products during 2016-2019.

The District shall contribute toward the group medical, dental, and vision premiums, up to a maximum monthly cap of \$1800. Employee’s in Tier II are entitled to use the unused portion of the monthly contribution cap that is not used by the required enrollment in medical, dental, and vision plans to purchase any insurance products offered by the District (example: voluntary Colonial products).

Employee’s hired after January 1, 2017, are not entitled to receive cashback on any unused portion of the monthly contribution cap that is not used by the required enrollment in medical, dental, and vision plans, or the enrollment in voluntary insurance products.

Tier III – Employee’s Hired after to January 1, 2017

The District shall contribute and pay 100% toward group medical, dental, and vision premiums for the employee and their eligible dependents, subject to a monthly cap. The monthly cap shall be calculated utilizing the monthly premiums for the group medical Kaiser HMO with Chiro Family Plan, 3307 Delta Dental Family Plan, and 4029 VSP Composite Plan.

Employee’s hired after January 1, 2017, are not entitled to receive cashback on any unused portion of the monthly contribution cap that is not used by the required enrollment in medical, dental, and vision plans.

During open enrollment or qualifying event (the plan administrator must receive notification of the qualifying event within 30 days of the qualifying event), Legacy, Tier I or II employees may opt to convert to the Tier III provisions to obtain the benefit contributions available in Tier III. Legacy, Tier I or II employees who opt into Tier III, cannot revert to their former Tier following the conversion.

Contribution Proration (if applicable)

Any full-time regular employee who earns less than forty (40) paid hours per week, shall receive the applicable contribution prorated (i.e., the number of paid hours per week will be compared to forty (40) hours per week to determine the basis of proration). Proration may subject the employee to an increased share of cost in the health premiums depending upon the employees selected plans and Tier level.

F. Life Insurance

Effective the first full pay period after approval by the District's Board of Directors, a life insurance policy of twice the employee's base salary will be provided to each regular full-time MSC employee at no cost, subject to maximum coverage to \$150,000 without medical testing. The insurer shall require a medical exam and/or testing if the twice the employee's salary is greater than \$150,000. If the employee passes the medical exam and testing to the insurer's requirements, the District shall pay the additional premium.

Regular full-time MSC employees may purchase coverage under a group life insurance policy in excess of the coverage provided by the District. Life insurance coverage shall be adjusted prospectively for all employees on an annual basis at one time to reflect changes in base salary over the prior year. The District shall have no obligation to adjust life insurance levels for individual employees prior to this time to reflect changes in their personal compensation level. Employees may also purchase life insurance for their spouse and dependents, subject to insurability.

G. Retirement Programs – Deferred Compensation/457

Effective the first full pay period after January 2020 the District shall make a matching contribution equal to 25% of the employee's contribution, not to exceed \$1000.00 per calendar year for regular full-time MSC employees. (Example – employee contributes \$2,000.00 to the deferred compensation/457 Plan between January 1-December 31. The District shall be obligated to pay 25% of \$2,000.00 (\$500.00) into the employee's account. The District shall make its contribution at the end of the calendar year.

H. Tuition Reimbursement

Effective the first full pay period after approval by the District's Board of Directors, and with the discretion of the General Manager, educational assistance is available to regular full-time MSC employees who desire to obtain skills and/or knowledge that enables them to become more proficient in their present duties and/or prepare them for future assignments. This education may occur after regular working hours at a college, vocational trade school, or through a self-study correspondence course that leads to a certificate, license or diploma related to the District operations.

Regular full-time MSC employees may receive full reimbursement (subject to the reimbursement budget set by the board each fiscal year) for pre-approved off-duty educational expenses (including tuition, books, required fees, and parking) in accordance to grades earned and rules set forth in the employee handbook.

- Grades “C” or higher and Passes in a pass/fail course(s) = 100% refund subject to budgetary caps.
- Grades below a “C” or a Fail in a pass/fail course will not be eligible for reimbursement.

I. Credential Reimbursement

Effective the first full pay period after approval by the District’s Board of Directors, the District shall reimburse regular full-time MSC employees for voluntary or required professional credentials, licenses, and/or certifications which enhances the employee’s usefulness to the District as a whole and to their jobs. The entire program shall be subject to rules established in the employee handbook and the General Manager’s approval.

J. Vacation Accrual

Full-time MSC employees accrue vacation in accordance with the following schedule:

Years 1 through 4	4.62 per pay period
Years 5 through 10	6.15 per pay period
Years 10 +	7.69 per pay period

Upon hire or promotion, MSC employees may be placed into a higher accrual tier at the discretion of the General Manager.

K. Health & Wellness Program

The District provides and pays 100% of the cost of a basic gym membership at 5-Star Fitness in Yucca Valley or Total Fitness in 29 Palms for regular full-time MSC employees, at the discretion of the General Manager. Note these benefits are taxable.

L. Long Term Disability

The District provides and pays 100% of the premium for long-term disability insurance for regular full-time employees.