



Santa Clara Valley Water District

File No.: 18-0227

Agenda Date: 5/22/2018

Item No.: 3.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting Salary Structure and Compensation Plan for Unrepresented Employees in the Executive Service - Effective the first pay period of Fiscal Year 2019. (Continued from March 27, 2018)

RECOMMENDATION:

Adopt Resolution APPROVING SALARY STRUCTURE AND COMPENSATION PLAN FOR UNREPRESENTED EMPLOYEES IN THE EXECUTIVE SERVICE - EFFECTIVE THE FIRST PAY PERIOD OF FISCAL YEAR 2019.

SUMMARY:

Consistent with the actions taken on March 21, 2018 as part of the approval of the Memorandum of Understandings for the three bargaining groups, the benefits package and terms for the Executives and Board Appointed Officers are also being revised as noted below. The details of these changes are set forth in the two exhibits to Attachment 1: Exhibit-A, Salary Structure for Unrepresented Employees; and Exhibit-B Santa Clara Valley Water District Compensation Plan For Unrepresented Employees In The Executive Service (July 1, 2018 Through June 30, 2022.).

Salary Structure for Unrepresented Employees:

To provide for a defined structure and minimize the probability of compaction given the annual changes to classified salaries pursuant to the respective MOUs, the salary ranges of the Executives and BAOs shall be in accordance with the described structure in Attachment 1: Exhibit A.

The salary structure is designed to adjust the maximum and minimum salary of the Board Support Officer based upon corresponding changes to the salary ranges of the classified Supervising Program Administrator. The salary ranges for the remaining Executives and the BAOs is designed to adjust their maximum and minimum salary based on adjustments to the highest PMA classification (currently the Imported Water Manager). The goals of this Salary Structure are:

- to minimize any compaction with lower classifications as well as minimize compaction within the Executive/BAO classifications;
- to ensure internal equity;

- to ensure that the compensation of the Executive employees was in-line with the market; and
- to maximize the District's ability to attract and retain executive level talent.

Adoption of this new Salary Structure will require the upward adjustment of the salaries of 12 Executive employees (out of 24) who will be below the new salary ranges. Additionally, the current salaries of the CEO, the District Counsel and Clerk of the Board are below the newly established minimums. Please note that despite the update of the salary ranges, the Board must establish any changes to the actual salaries of the BAOs by separate actions. This is because while the salary ranges for the BAOs are being updated through this new structure, the actual salaries received by each of the BAOs will be determined by the Board if/when their individual employment contracts are revised.

Employment Benefits

There are significant changes to the Pension and Medical benefits as summarized below.

Medical - Plan Design Changes Effective April 1, 2018:

- Co-Pay for Office visits for Kaiser members from no charge to \$10
- Co-Pay for Office visits for Blue Shield HMO members from \$5 to \$10
- Co-Pay for Kaiser Prescriptions from \$5 to \$10 generic; \$15 name brand; \$30 non-formulary; 30-day supply for retail; 90-day supply for mail order with two co-payments
- Co-Pay for Emergency Room Services for all plans \$100

Medical - Plan Design Changes Effective April 1, 2019:

- Increasing calendar year deductible for Blue Shield PPO plan from \$100 per person to \$250 per person - maximum \$500 for family.
- Increasing out-of-pocket maximums for all plans to \$2,000 per person or \$4,000 maximum for family.

Pension

- Employees participating in the PERS 2.5% @ 55 formula and the PERS 2.0% @ 60 formula (Classic) will pay the following contributions towards their pension benefits which includes the employee required contribution as well as an additional amount towards the employer's contribution:
 - Effective the first full pay period in July of 2018 - 9.5%
 - Effective the first full pay period in July of 2019 - 10.0%
 - Effective the first full pay period in July of 2020 - 10.5%
 - Effective the first full pay period in July of 2021 - 11.0%
- Employees participating in the PERS 2.0% @ 62 formula (PEPRA) will contribute the following contributions towards their pension benefits:
 - Effective the first full pay period of July 2018, 50% of total normal cost as determined by CalPERS plus an additional .50%

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- Effective the first full pay period of July 2019, 50% of total normal cost as determined by CalPERS plus an additional 1.0%
 - Effective the first full pay period of July 2020, 50% of total normal cost as determined by CalPERS plus an additional 1.5%
 - Effective the first full pay period of July 2021, 50% of total normal cost as determined by CalPERS plus an additional 2.0%

FINANCIAL IMPACT:

The estimated net impact of the salaries and benefits changes for the employees in the Executive service are listed below and have been incorporated in the budget for FY 2019.

- Annual Raises - Estimated cost of the first-year wage increase is \$389,000. This assumes that all Executives and BAOs will receive a 4% adjustment (identical to represented staff) or the minimum of the new salary ranges.
- Medical Plan Design Changes - Estimated savings for first-year changes is \$27,000. Second-year changes provides for an additional estimated \$13,000 in savings.
- Pension Changes - Estimated additional employee contribution for first-year is \$34,000.
- Tuition Reimbursement - The increase of \$500 to the tuition reimbursement program will likely be less than \$5,000 for the first year.

The FY 2019 net cost is estimated to be \$333,000.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have potential for resulting in direct or reasonably foreseeable indirect physical changes in the environment.

ATTACHMENTS:

Attachment 1: Resolution

UNCLASSIFIED MANAGER:

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