



TriCo Regional Sewer Utility

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PERSONNEL & BENEFITS COMMITTEE MEETING

Monday, August 27, 2018 @ 7:30 A.M.
10701 N. College Ave, Suite A, Indianapolis, IN 46280

AGENDA

1. Public Comment
2. June and July Meeting Memorandum Approval
3. Safety Update
4. Performance Management and Compensation Policy
 - a. Ranges
 - b. Costs
5. Other Business

Next Scheduled Meeting: Monday, September 24, 2018 @ 7:30 A.M.



PERSONNEL & BENEFITS COMMITTEE

Monday, June 25, 2018 at 7:30 A.M.

Memorandum

Present: Chair Barb Lamb, Committee Members Chuck Ford. Others in attendance were Andrew Williams Utility Director

Mr. Michael Shaver was absent.

PUBLIC COMMENT

No one from the public was present at the meeting

MAY MEETING MEMORANDA APPROVAL

Ms. Lamb made a motion to approve the memorandum from the May 29, 2018 Personnel and Benefits Committee Meeting. The memorandum was approved.

SAFTEY UPDATE

Mr. Williams stated that the Utility has continued with scheduled training. With the past month being so hot, hydration was stressed, and staff was given electrolyte packets to add to their water. So far there have not been any issues with heat in the field. The annual service of the power washers and air compressors were completed. Scot and Loren are on the State Association Safety Committee and Scot participated in a safety inspection at the plant in Franklin. Mr. Ford and Ms. Lamb commended the Staff on its detail to safety.

PAY POLICY

Ms. Lamb stated that Mr. Shaver asked that the Committee not approve the pay policy item due to his absence at this meeting. She asked Mr. Williams to introduce the procedure that was included in the packet and then it can be discussed later with Mr. Shaver. Mr. Williams stated that he had met with Ms. Lamb to discuss what procedures should be used to move people along in their pay range. Mr. Williams stated that he revised the Performance Management Policy to be the Performance Management and Pay Policy. The old policy was strictly a merit-based policy. One change implemented last year was a Cost of Living Adjustment. If an employee is hired in at the bottom half of their range, the Utility would like to get them to the median of that range within three years. Employees at the very bottom of a range would move up about 3.35% a year. Ms. Lamb clarified that would be strictly the step increase, cost of living would be in addition to that. This would include current employees as well as new hires that fall below that median pay range. The goal is that after three years there would be no employees below the market range. From then on there would be merit and cost of living increases each year. Ms. Lamb stated that this proposal would be more money than the Utility has previously been giving. The other Board

Members will have to discuss the monetary aspect of the proposal. This would help people who are hired on but can't seem to move above the bottom of their pay ranges. Without putting pressure on them to compete for merit increases in the first couple of years when they don't have enough experience to do that. Mr. Williams stated that he needs to explain to the employees that the mid-point in the ranges is the market average. Once the midpoint is reached salaries should be competitive in the market. One question is if an employee is at the top of their pay range how a merit increase should be addressed. They would get the cost of living increase. One option that has been discussed is a lump sum payment at the end of the year. Mrs. Lamb explained that if an employee makes \$10.00 per hour and at the end of the year they receive a bonus that if it was spread out over the year the employee would make \$11.00 per hour during the year when overtime is worked is the overtime based on \$10.00 or \$11.00 per hour. That is where the issue comes in. Bonus' should be added into the hourly rate so the question is do you get overtime based on that rate. If one lump sum is given at the end of the year then overtime is not paid on the correct rate which is a violation of the Fair Labor Standards Act if bonuses are not included in the hourly rate. That would be the benefit of paying out the bonus over time vs. in one lump sum. When the bonus is put into employees pay each pay period they begin to think it is part of their base pay, when it isn't and would go away at the end of the year. Mr. Ford stated that it would be understandably confusing to an employee. Ms. Lamb stated that the bonus can be paid in one lump sum, if it is calculated into the hourly rate for overtime hours. Mr. Williams stated that Ms. Sheeks is going to check with ADP to see what they can set up. Currently in hourly staff there are five people at the top that would be impacted by a lump sum. WIS figured the market average and went 10% above and below the market to create the ranges. Mr. Williams suggested looking at the proposed percentages above the market in the ranges. Maybe it is more reasonable for CTRWD to be 15% above the market for the top of the pay range. Ms. Lamb asked if the upper range was raised by 5% would that bring all current employees in line? Mr. Williams stated that to increase the ranges to 15% above the average market rate would allow everyone to be eligible for a Merit increase in 2019. Mr. Williams stated that he would run the numbers and see how increasing the top range to 15% above the market average would affect current employees. If the bonus would work, it would make it much simpler for the payroll process. Ms. Lamb stated that the Committee needs to look at the current rate for COLA increases closer to the time the budget is approved because it could fluctuate based on things like gas prices. Mr. Ford stated that he has concerns about health insurance options for 2019. Mr. Williams stated that when the numbers came in on the mid-year quotes they were coming in at a reasonable rate. The hope is that it will still be a reasonable change at the end of the year. Mr. Ford asked what stands in the way of Group Buying Insurance Options. Mr. Williams stated that those options have been researched including the State Plan for all State employees, but it came back with poor rates compared to what the Utility currently has. In the State Regional Sewer District Association, CTRWD is the largest utility and a lot of the rest have two to three employees and no interest in participating.

Mr. Williams stated that if the Committee makes a recommendation after the July meeting for the Board's August, meeting we would be on track to have the numbers as discussions begin for budget approval. Ms. Lamb asked Mr. Williams to take one of the ranges and illustrate what it would look like to get from the bottom of the range to the midpoint as well as an example with a person at the top of their range as it is now compared to what it would look like if the range was increased to 15% above the market average. Once the committee has a proposal for the changes, Ms. Lamb will present the recommendation to the B&F Committee on behalf of the P&B Committee. Mr. Ford stated that he would like to see more value shown to the Administrative Staff. Ms. Sheeks has been working on incentive ideas to increase wages in this category. Mr. Ford believes that this is an undervalued position in the market. Mr. Williams stated that in 2017 the Technician jobs were slotted the same as the Administrative Support Assistant. With the new study the Administrative Support Assistant went up a little, but the Field Operations Technician went up \$1.30 more. Ms. Lamb stated that the difference could be from how WIS grouped the categories together. Not all jobs in the same company are compared with each other. Mr. Ford stated that he feels the study has built in gender inequities. Ms. Lamb stated that if a correction needs to be made it can be made internally without reengaging WIS in the process. Mr. Williams stated that if the Board has the desire to adjust a range it has the power to do that internally.

The Meeting Adjourned at 8:45 a.m.

Respectfully submitted,



Andrew Williams
Utility Director



PERSONNEL AND BENEFITS

Monday July 23, 2018 at 7:30 a.m.
Memorandum

Members Present: Chair Barb Lamb, Committee Member Mike Shaver. Others in attendance were Utility Director Drew Williams, Controller Cindy Sheeks and Administrative Assistant Maggie Crediford.

Mr. Chuck Ford was absent.

Ms. Lamb called the meeting to order at 7:38 a.m.

PUBLIC COMMENT

There was no one from the public present at the meeting.

APPROVAL OF MEETING MEMOARANDUM

Mr. Shaver asked that the minutes from the June meeting be adjusted to reflect that he had asked that the performance management and pay policy not be approved in his absence. The meeting minutes use the word discussed. It was decided that the Committee would wait to approve the June minutes until Mr. Ford could be present since Mr. Shaver was absent from the June meeting.

SAFETY UPDATE

Mr. Williams stated that there have been no lost time accidents to report. The plant Staff has continued with their monthly safety training schedule and that the annual plant inspections are continuing as needed.

PERFORMANCE MANAGEMENT AND PAY POLICY

Mr. Williams presented the Committee with a chart showing a STEP Approach for employees below the midpoint of their salary ranges to advance them to the midpoint. The chart showed how an employee at the minimum of a pay range would move to the midpoint within three years. Ms. Lamb stated that the chart assumes a 2.8% COLA pay increase. She said that 2.8% is based on the CPIW Index, which is the standard used across the Midwest. The 2.8% COLA suggestion is based on data from June. She also suggested that if this was the standard that the Committee decides to use, it needs to also be the Index used each year moving forward so that there is consistency. I wouldn't make sense to use this index this year and then use a different one in future years. She stated when the City of Carmel hires employees they hire them in at the minimum of the range. She stated that she was not sure that Mr. Williams wants to hire all new hires in at the bottom of the ranges. She asked him to explain what would happen if someone was

hired above the minimum what would happen the next year. Mr. Williams stated that in the past the Utility has not just hired people in at the minimum of their range. They have brought people in higher than the minimum or first step of their range based on their level of experience and education level. In these instances, employees would get to the midpoint of the range or higher in a shorter time frame. Ms. Lamb stated that the Committee needs to decide what the COLA recommendation will be to the Board for 2019.

Ms. Lamb made a motion to recommend the use of a 2.8% COLA increase for 2019. The motion was seconded by Mr. Shaver and passed.

Mr. Williams presented a spreadsheet showing what salaries would look like with the proposed 2.8% COLA and a 2% Merit Pool, which is up for discussion. Historically the Utility has given Merit increases only. Last year the Board approved a COLA increase as well. The chart shows each position with the 2018 rates, what the ranges would be assuming the 2.8% COLA and a 2% Merit increase for 2019. There are still four employees that are under the Midpoint of their range and would need extra money on top of the 2.8%COLA and 2% Merit to get to the next step of their position. Mr. Shaver asked about the Field Operations Technician position which has three employees below the midpoint of their ranges. He asked Mr. Williams to explain the process when someone is hired in. He asked if there is an equation for determining starting pay for a person coming in with experience in the field and how that relates to what someone is making who has been with TriCo for several years. Ms. Lamb stated that she and Mr. Williams met and discussed putting parameters around the hiring rates. Ms. Lamb said that in the past salary offers have been the sole discretion of the Utility Manager. She suggested that moving forward the Utility Manager be given the ability to hire at his discretion up to the midpoint of a range, and that anyone hired over the midpoint of a range would need the approval of the Personnel and Benefits Committee. Mr. Shaver asked if that would address his concerns regarding having a group of people that have worked for the Utility for 8-12 years making the same as or less than someone who is hired on externally with 3-5 years of experience. Mr. Williams stated that when making offers for employment he takes into consideration the number of years of experience they have, if they have a related degree, and what they are making at their current job.

Ms. Lamb made a motion that the Utility Director be allowed to offer a potential employee up to the 50th percentile of a range at his own discretion and if he wants to hire someone in above the 50th percentile of a pay range that would need to be approved by the Personnel and Benefits Committee.

Mr. Shaver asked how experience factors into the midpoint of a range. Ms. Lamb said that with this proposal the Committee would be saying three years of internal experience is the midpoint. Mr. Shaver asked why employees are not currently getting to the midpoint of their ranges within three years. Mr. Williams stated that historically when employees were given pay increases if there were say a 2.5% merit pool, salary ranges were also adjusted 2.5% so an employee would never move up because the ranges were being adjusted at the same rate as pay was increased to prevent employees at the top of their ranges from being excluded from pay increases. Mr. Shaver suggested that the Utility

should stop adjusting the top end of the ranges going forward. Ms. Lamb stated that the ranges represent the market and the market moves up. Mr. Shaver said that he feels the committee appears to be creating a system to correct one mathematical error. Ms. Lamb stated that they are creating a system to create equity within the organization. In the past, taking one pool and distributing it solely on Merit with no Cost of Living adjustments caused the external equity to be lost. There have been people stuck down at the bottom of their ranges without being able to move up and this proposal will fix that. Mr. Shaver stated he believes the inequity can be adjusted by not adjusting the top of the ranges. Ms. Lamb stated that if that is done, it would be at the expense of employees at the top end of their ranges. Mr. Shaver stated that he doesn't believe both ends of the ranges need adjusting. Ms. Lamb said that when the cost of living moves up if you leave the pay ranges the same it isn't right. Mr. Shaver stated that he is referring to the Merit increases not the Cost of Living. He agreed that the Cost of Living Adjustment should move everyone up but doesn't believe that the Merit pool should move up the higher end of the ranges that way if someone gets a cost of living increase and a Merit increase they could be moving up off the bottom of their range. Mr. Williams stated that if the top range is only adjusted by the Cost of Living it would help an employee not at the top of a range move to the next level, but even with that the three employees below their midpoint now would need a slight adjustment to get them up to the midpoint. One year for some and two years for others would be needed to get them to the midpoint. Mr. Shaver asked how merit increases are decided and if everyone just gets one. Ms. Lamb said that merit increases come into play once an employee meets the midpoint of their range. If someone is in poor standing with the Utility they may not even be eligible for an increase STEP or Merit but would receive the Cost of Living increase. No increase other than the Cost of Living would be automatic to any employee. Mr. Shaver stated that he would like for it to be clear that if an employee is not meeting performance standards they may not be eligible for a Merit or STEP pay increase. He asked if someone is excluded from those increases would that be reflected in their performance reviews so that there is a clear reason why an increase was not given to that employee. Mr. Shaver stated that in theory an employee who performs their job would get a Cost of Living increase as well as a Merit increase, and new hires would be brought in at a lower rate than employees currently working here. Ms. Lamb stated that is how it should work with the proposed system. It hasn't been that way in the past because no system was in place. When hiring someone new Mr. Williams must assess the quality of a candidate's experience, his impression of them in an interview so there is not anything specific to say where he is going to put them other than to say it is not going to be above the midpoint without committee approval. Mr. Williams stated that the benefits package that the Utility offers adds to the quality of the job. Mr. Shaver stated that when there is a new hire brought on he would like the committee to know what pay rate they are being hired on at and how that rate compares to employees here already doing that job.

Ms. Lamb referred to her prior motion and asked Mr. Shaver if it would be acceptable if they approve the motion that the Utility Director be able to hire employees up to the midpoint of a range but must come to the Committee if he wants to hire anyone in above that range. Mr. Shaver agreed, and the motion passed.

Mr. Williams stated that there is language in the pay structure that states employees who are not in good standing or who are on probation may not be eligible for Merit or Cost of Living increases. Employees in this category may be on a probationary period where they meet with their supervisor daily or weekly to make sure they are making changes based on a performance plan. This probationary period can run from 30-90 days. Once they are off probation, the COLA increase would kick in. Ms. Lamb said that the COLA increase should be given, but not a step or Merit. Mr. Williams stated that in the past there was no COLA in place, so it only affected Merit increases.

Ms. Lamb directed to the Committee to look at the Merit pool. People getting a STEP increase are their own category. The people eligible for Merit increase would be most of the employees. Mr. Shaver asked about the difference between the STEP and Merit increases. Mr. Williams stated that the STEP increase is for people below the midpoint to get them moved up to the midpoint of their ranges within three years and the Merit increase is for employees making at or above the midpoint in their pay range. Mr. Shaver asked if there is a genuine reason why the STEP and Merit increases are labeled differently. Ms. Lamb said it is because they are applied differently. The STEP Increase is a set amount, where a Merit Increase can vary depending on performance. Ms. Lamb explained that one of the key challenges with a Merit System is that Management needs to be able to explain how the money distribution occurs from that Merit Pool. Especially being in the public sector when salaries are public knowledge. The Merit Pool is set at a specific percentage then divided amongst the employees at different levels of Merit. One employee could end up getting a bigger portion than another employee based on performance, attitude and other criteria measured by their supervisors. Mr. Shaver asked if this method sets the table for Proximity Bias. Ms. Lamb said that if increases are truly based on merit than proximity would have nothing to do with it. Mr. Williams stated that in past years, if the Board gave a 2.7% Merit Pool to work with, he has given the employees a target for a competent performance review of 2%, holding back the extra .7% to be allocated amongst employees who are performing above that level. Ms. Lamb asked Mr. Williams if he meets with each manager to discuss the increases given to everyone. Mr. Williams confirmed that he does meet with the managers to discuss employee performance and merit allocation. Mr. Shaver suggested that the Budget and Finance Committee should set the percentages for the distribution of the Merit Pool.

Mr. Williams stated that if TriCo moved to the Step System throughout all the pay ranges all the way to the top it would take a substantial amount of effort off the managers. But this does not take into account individual effort or performance.

Mr. Shaver restated that if the Merit Pool is going to be split into two sections, one for people performing satisfactory in their jobs and another smaller percent for people doing an exceptional job he would like those percentages to be set by the Budget and Finance Committee, not just decided by the Utility Director. There was discussion about how moving to a STEP System would compensate everyone equally without regard to job performance and how each system has its value. Mr. Shaver stated that he is uncomfortable if one person gets a big raise and another person gets substantially less when the criteria for the raise is subjective. He would feel more comfortable if the Merit

Pool allocation percentages were set by the Budget and Finance Committee. He suggested employees with a competent rating get 80% of the Merit Pool and the other 20% be distributed for exceptional performance. Ms. Lamb stated that she believes employees with a competent review are at the midpoint and that portion of the Merit Pool should be 50%. Employees would need to achieve a more than competent review to receive money from the other 50% of the Merit Pool. Ms. Lamb stated that she feels there could be employees that get 0% Merit Increase if they are rated competent in their job performance. They would get Cost of Living, but if they are not performing above average they may not be entitled to a portion of the Merit Pool. She stated once an employee hits the market rate, what the market says a job is worth, then an employee needs to prove themselves to move beyond that rate. Mr. Shaver said that he understands giving someone who is exceptional more money, he is not comfortable giving someone marginal or below no raise at all. He said that if an employee receives a raise less than the amount allocated for a competent review he would expect that there would be marginal or less than satisfactory review for the employee to back up that decision. Ms. Lamb asked if all employees who receive a superior overall rating receive the same increase. Mr. Williams said that they do not. It is based on performance level. Mr. Williams agreed that he feels it would be a good idea for the Board to set the two percentages for raise distribution within the Merit Pool.

Ms. Lamb asked what the Committee would like to set the Merit Pool percentage at. Mr. Shaver stated that he is comfortable with the proposed 2% Merit Pool. Mr. Williams stated that he would like to see the Board not only approve the 2% Merit Pool but also approve the 80/20 split for the fund allocation. Setting 80% as the goal for a competent performance rating.

Ms. Lamb asked if the Committee would like to leave the top end of the ranges where they are now, or would they like to increase them by the proposed 15%. Mr. Williams explained that if the ranges are left where they are now, there are employees that will be at the top of their range which would exclude them from being eligible from participating in the Merit Pool regardless of performance. If the ranges were raised up to 15% above the midpoint everyone would be back into their range except for one employee based on the rate that employee was hired on at. Ms. Lamb stated that if the ranges are raised 5% above their current ranges that this is a onetime adjustment and when employees get to the top of their ranges there will be no Merit Increases, only Cost of Living Increases moving forward. Mr. Shaver asked if the positions that were negatively affected by the salary study by having the top end of their range reduced could just be moved back to what they were before the study to remedy that? Ms. Lamb stated that she is not comfortable adjusting the top end of one or two positions but not all the positions. If there is an adjustment made it needs to be done across all positions. She said she would be comfortable discussing the percentage of an increase needed to get those positions top end of the range back to where it was before the study, but then all the positions would need to be adjusted by the same percentage. Mr. Shaver clarified that his suggestion is to adjust all the top end of the pay ranges back to what they were before the study was conducted. Mr. Williams said that he believes that Mr. Shaver is saying that the numbers the Utility thought were reasonable before, they should still be reasonable. Making that

adjustment would allow everyone to be eligible for a pay raise. Mr. Williams said he would make a chart showing the differences between raising the top end of each position to 15% and taking everyone's top end back to what it was before the salary study was conducted. Ms. Lamb said that the percentage between the midpoint and the maximum for each position needs to be the same. Ms. Lamb stated that she feels strongly that once this adjustment is made that anyone at the top of their range would only be eligible for a Cost of Living increase moving forward and would not be eligible for Merit increases.

The meeting adjourned at 8:55 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Andrew Williams".

Andrew Williams
Utility Director



MEMORANDUM

To: P&B Committee

From: Loren Prange

Date: 08/22/2018

Subject: Safety Update

TriCo had no reportable injuries and has gone 3109 days without a loss time accident.

The following safety tailgate sessions were held:

07/27/18 The safe use of compressed air
08/07/18 Accident Investigation
08/16/18 Identify, Treat, and Prevent Carpal Tunnel Syndrome

The monthly inspection for fire extinguishers were completed this month.

TriCo's new collection employee received his safety manual and his safety equipment and will also be certified on using a fork lift.

TriCo provided fall protection training on August 20th at the Water Resource Recovery Facility. Chris Hall with Safety Resources was the instructor. He discussed the different parts of a davit arm and how to use it safely. Part of the training was held at the post air structure allowing our employees to use TriCo equipment and for our instructor to be able to evaluate and correct us as needed. Our new employee benefited greatly from being hands on with our equipment with and having an instructor present.



MEMORANDUM

To: P&B Committee

From: Andrew Williams

Date: August 22, 2018

Subject: Compensation Policy

At the July P&B Committee meeting the members present agreed to recommend a 2.8% COLA increase for 2019 and consider a 2% Merit Pool. It was also considered to have the Board set the policy that the Merit Pool be divided, and a percentage be used for employees achieving a Competent ratings with the balance used for employees achieving a Superior ratings. An 80/20 split and a 50/50 split were both mentioned. Previously, if the Merit Pool was set at 2.5% of the wages, I would set a 2% increase as the expectation for Competent ratings. The remaining 0.5% was used for employees with Superior ratings or for those low in their range with Competent or better ratings. The attached table shows the possible costs associated with the proposed 2.8% COLA and 2% Merit Pool.

The Committee also recommended setting a policy that the Utility Director can hire employees up to the midpoint of a range. Hiring above the midpoint must be approved by the Committee.

The revisions to the Performance Management Policy were reviewed. The proposed revisions include the practice for employees that are between the entry pay and the market rate of a position, to advance to the market rate within three years of hire. These "steps" would typically result in a 3.35% increase for the first three years for the new hires that start at the entry rate. They would also receive the COLA if one is approved by the Board. Employees above the market rate would receive the COLA and a merit increase based on their performance review. Employees at the top of the range would receive the COLA only.

Step Approach to Market Rate

Employees that are hired below the market rate and are performing at a competent level will be moved to the market rate within three years of hire. There will be three steps from the low of the range to the market rate. Attached is the summary of fiscal impact of this policy over the next three years. The fiscal impact would be \$1,209.88 the first year, \$2,404.21 the second year and \$799.59 the third year. At which point everyone will be at or above the market rate.

Step Adjustment for Current Employees							
Position Title	2018				2019		
	Rate	% of Range	Market	COLA/Merit	Step	Rate	% of Range
Utility Billing Assistant	\$ 17.50	20.1%	\$ 19.14	\$ 18.34	\$ 311.00	\$ 18.50	33.4%
Field Operations Technician	\$ 20.25	18.0%	\$ 22.25	\$ 21.22	\$ 548.10	\$ 21.50	33.3%
Field Operations Technician	\$ 20.38	21.0%	\$ 22.25	\$ 21.36	\$ 282.43	\$ 21.50	33.3%
District Inspector/Locator	\$ 23.57	39.7%	\$ 24.74	\$ 24.70	\$ 68.35	\$ 24.74	50.0%
				2019 Cost	\$ 1,209.88		
Position Title	2019				2020		
	Rate	% of Range	Market	COLA/Merit	Step	Rate	% of Range
Utility Billing Assistant	\$ 18.50	46.9%	\$ 19.68	\$ 19.39	\$ 564.17	\$ 19.68	50.0%
Pretreatment Coordinator	\$ 24.80	19.0%	\$ 27.17	\$ 25.99	\$ 526.50	\$ 26.26	33.3%
Field Operations Technician	\$ 21.50	46.8%	\$ 22.87	\$ 22.53	\$ 656.77	\$ 22.87	50.0%
Field Operations Technician	\$ 21.50	46.8%	\$ 22.87	\$ 22.53	\$ 656.77	\$ 22.87	50.0%
				2020 Cost	\$ 2,404.21		
Position Title	2020				2021		
	Rate	% of Range	Market	COLA/Merit	Step	Rate	% of Range
Pretreatment Coordinator	\$ 26.26	33.3%	\$ 27.93	\$ 27.52	\$ 799.50	\$ 27.93	50.0%
				2021 Cost	\$ 799.50		
				Cost for Step adjustments	\$ 4,413.59		

Salary Ranges

The committee also discussed the WIS study which narrowed the pay ranges. Of the 19 positions, 16 positions had the minimum pay increased and 13 positions had the top range decreased. This is shown on the attached table titled Range Comparison.

Prior to the WIS study, the Utility believed that our rates were reasonable. The study was conducted to ensure that we were still competitive with the market. I believe the study showed that we are competitive. The rates align well when the midpoints of the 2017 salary ranges are compared to the market rate determined by WIS. The largest differences occur in positions where WIS raised the market rate. However, due to WIS's practice of keeping pay ranges to a 20% spread, 10% above and below market, employees in 13 of the positions saw their growth potential reduced. I propose that we maintain the market rate established by WIS and adjust the low and high of the ranges to reflect TriCo's prior compensation approach.

Payroll Overhead

The direct overhead costs associated with wages are taxes and retirement. Below is a summary based on the current 2018 payroll. The 10% retirement is not applicable to the summer help expense.

	Base	\$ 1,349,565.88
	On call pay	\$ 5,200.00
	Overtime	\$ 60,000.00
	Summer Help	\$ 15,600.00
	Total Wages	\$ 1,430,365.88
	Taxes (7.65%)	\$ 105,980.49
	10% Retirement	\$ 141,476.59
		\$ 247,457.08
	Total	\$ 1,677,822.96

Health Insurance

The insurance renewal in 2018 included a 32% increase after several years of averaging less than a 4% increase per year. Over the past 4 years the average has been 10.5%. For budgeting, we have estimated a 10% increase for 2019.

Anthem Health & Vision					
	2017	Increase	2018	Est. Increase	2019
Employee Cost - monthly		32%		10%	
Employee Only	\$101.76	\$33.00	\$134.76	\$13.48	\$148.24
Employee & Spouse	\$213.46	\$69.31	\$282.77	\$28.28	\$311.05
Employee & Children	\$183.23	\$59.41	\$242.64	\$24.26	\$266.90
Employee & Family	\$295.10	\$95.71	\$390.81	\$39.08	\$429.89
Annual					
TriCo Paid Premium	\$285,134.40	\$83,144.00	\$368,278.40	\$37,000.00	\$405,278.40

TriCo Regional Sewer Utility
Performance Management and Compensation Policy
August 2018
DRAFT

The TriCo Regional Sewer Utility (TriCo) Performance Management and Compensation Policy is a tool to aid the employee and manager in managing and documenting job performance and advancing employees within the pay range. Effective performance evaluation and feedback works toward achieving a positive contribution to the organization's business objectives. The process involves employee and manager participation. The performance review process is designed to be constructive for individual employees as well as the entire work group. This has several objectives:

- Ensures that employees clearly understand the scope and responsibilities of their job;
- Provides employees with periodic and specific job performance assessment;
- Provides feedback on employees' progress toward meeting the requirements of their job;
- Creates a development plan for employees' career growth;
- Links individual performance to departmental objectives and organizational goals.

Effective performance feedback is dependent upon the manager's ability to differentiate performance among employees. Managers should meet individually with their employees at least two times per year (mid-year and year-end) to discuss performance and provide a written review of the employee's performance. The primary purpose of the meeting should be to identify and reinforce an employee's strengths and to address areas for improvement through the use of the performance evaluation and development form. True performance management is ongoing and managers are encouraged to meet with their employees monthly to verbally discuss performance.

PROCESS

The manager will complete a performance evaluation form for each employee providing factual data and examples of how the employee performed during the evaluation period compared to the expectations of their job descriptions. At the same time, the employees are asked to complete a self-evaluation to bring to the performance discussion with their manager. Once the managers have completed their evaluations, they will be reviewed by the Utility Director to ensure compliance and accuracy. Once all reviews are completed, managers will recommend to the Utility Director pay increases for each employee. Merit increases will be awarded to each employee according to the budget as outlined by the Board. Employees who are currently on a progressive disciplinary action plan may not be eligible for a merit increase.

COMPENSATION

Each year the Board determines the total amount of money that is budgeted for employee salaries, including raises. This amount is based upon the Utility's financial performance and the cost of living. The goal of the Utility is to ensure that employees are fairly compensated relative to their performance and relative to the market's valuation of the job. Local and regional market factors may determine the range of compensation for a job based upon pay of benchmarked positions from municipalities and utilities. TriCo's objective is to have pay ranges that are competitive with other municipalities and utilities

Step Approach to Market Rate

Applicants have different levels of experience and education. Employees who are hired below the market rate and are performing at a competent level will be moved to the market rate within three years of hire. To achieve this goal, there will be three steps from the entry pay to the market pay of the range.

Applicants with relevant experience and/or education may be hired at a rate above the market rate with the approval of the Personnel and Benefits Committee.

Merit Increase

Employees paid above the market rate are eligible for a merit increase. The amount available each year for merit increases will be determined annually by the Board. Individual merit increases will be determined based on performance evaluations and the recommendation of the employee's manager.

Cost of Living Adjustment

To maintain competitive pay ranges and to ensure employees are keeping up with the market, the Board may approve a Cost of Living Adjustment (COLA). Each employee in good standing would receive the COLA as approved by the Board. Pay ranges would also be adjusted by the amount of the COLA.

TriCo Regional Sewer Utility Range Comparison

Department	Job Title	2017 Salary Range			2018 Salary Range			Proposed 2018 Range			
		COMOT I 200-295 factor points	Low	Midpoint	High	Low	Market	High	Low	Market	High
Customer Service	Billing Assistant		\$15.63	\$18.84	\$22.05	\$16.75	\$18.62	\$20.48	\$16.75	\$18.62	\$22.05
Customer Service	Customer Service Specialist		\$15.63	\$18.84	\$22.05	\$16.75	\$18.62	\$20.48	\$16.75	\$18.62	\$22.05
	COMOT II 300-395 factor points										
Customer Service	Administrative Assistant		\$17.87	\$21.10	\$24.33	\$18.11	\$20.12	\$23.50	\$18.11	\$20.12	\$24.33
Customer Service	Administrative Support Specialist		\$17.87	\$21.10	\$24.33	\$18.11	\$20.12	\$22.13	\$18.11	\$20.12	\$24.33
	LTC I 295 and below										
Plant	Laborer		\$14.00	\$16.75	\$19.50	\$14.00	\$16.75	\$19.47	\$14.00	\$16.75	\$19.50
Collections	Field Operations Technician		\$17.87	\$21.10	\$24.33	\$19.47	\$21.64	\$23.80	\$19.47	\$21.64	\$24.33
	LTC II 300 and above										
Engineering	District Inspector/Locator		\$20.24	\$23.80	\$27.36	\$21.66	\$24.07	\$26.47	\$21.66	\$24.07	\$27.36
Collections	Field Operations Specialist		\$20.24	\$23.80	\$27.36	\$21.66	\$24.07	\$26.47	\$21.66	\$24.07	\$27.36
Engineering	Project Coordinator/Locator		\$23.67	\$27.20	\$30.72	\$21.66	\$24.07	\$26.58	\$21.66	\$24.07	\$30.72
	PAT I 300-395										
Customer Service	Utility Billing Specialist		\$23.67	\$27.20	\$30.72	\$23.14	\$25.71	\$28.28	\$23.67	\$25.71	\$30.72
Plant	Pretreatment Compliance Specialist		\$20.24	\$23.80	\$27.36	\$23.14	\$25.71	\$28.28	\$23.14	\$25.71	\$28.28
Plant	Laboratory Coordinator		\$20.24	\$23.80	\$27.36	\$23.14	\$25.71	\$28.28	\$23.14	\$25.71	\$28.28
	PAT II 400-495										
Plant	Chief Operator		\$23.67	\$27.20	\$30.72	\$27.43	\$30.48	\$33.52	\$27.43	\$30.48	\$33.52
Engineering	Technical Specialist		\$23.67	\$27.20	\$30.72	\$27.43	\$30.48	\$33.52	\$27.43	\$30.48	\$33.52
	EXE										
Collections	Collection Superintendent		\$ 59,882	\$74,852.00	\$ 89,822	\$ 61,174	\$ 69,671	\$ 78,167	\$ 61,174	\$ 69,671	\$ 89,822
Plant	Plant Superintendent		\$ 59,882	\$74,852.00	\$ 89,822	\$ 64,311	\$ 73,243	\$ 82,175	\$ 64,311	\$ 73,243	\$ 89,822
Engineering	District Engineer		\$ 59,882	\$74,852.00	\$ 89,822	\$ 67,690	\$ 77,091	\$ 86,492	\$ 67,690	\$ 77,091	\$ 89,822
Customer Service	Controller		\$ 70,762	\$88,452.50	\$ 106,143	\$ 70,520	\$ 80,315	\$ 90,109	\$ 70,762	\$ 80,315	\$ 106,143
Engineering	Engineering Manager		\$ 70,762	\$88,452.50	\$ 106,143	\$ 83,068	\$ 94,606	\$ 106,143	\$ 83,068	\$ 94,606	\$ 106,143
Administration	Utility Director		\$ 81,615	\$99,305.00	\$ 116,995	\$ 91,590	\$ 104,311	\$ 117,031	\$ 91,590	\$ 104,311	\$ 117,031

Higher Amount is in Bold

Possible 2019 Wage Expenses with a 2.8% COLA and 2% Merit Pool

TriCo STAFF	Position Title	2018 Rate	Annual	2018	Market	2019 Range		2.8% COLA	2% Merit	Possible	Annual
				% of Range		Low	High	Increase	Increase	2019 Rate	
Ryan, Kelly	Utility Billing Assistant	\$ 17.50	\$ 34,125.00	20.1%	\$ 19.14	\$ 17.22	\$ 21.05	\$ 955.50	\$ 682.50	\$ 18.50	\$ 36,075.00
Ferrulli, Cynthia	Customer Service Specialist	\$ 20.30	\$ 39,585.00	95.1%	\$ 19.14	\$ 17.22	\$ 21.05	\$ 1,108.38	\$ 791.70	\$ 21.27	\$ 41,485.08
Byrnes, Colleen	Administrative Support Specialist	\$ 21.78	\$ 42,471.00	91.2%	\$ 20.68	\$ 18.62	\$ 22.75	\$ 1,189.19	\$ 849.42	\$ 22.83	\$ 44,509.61
Crediford, Maggie	Administrative Assistant	\$ 23.50	\$ 45,825.00	100.0%	\$ 20.68	\$ 18.62	\$ 24.16	\$ 1,283.10	\$ 916.50	\$ 24.16	\$ 47,108.10
Closer, Cole	Field Operations Technician	\$ 20.25	\$ 39,487.50	18.0%	\$ 22.24	\$ 20.02	\$ 24.47	\$ 1,105.65	\$ 789.75	\$ 21.50	\$ 41,925.00
Hoole, Rick	Field Operations Technician	\$ 20.38	\$ 39,741.00	21.0%	\$ 22.24	\$ 20.02	\$ 24.47	\$ 1,112.75	\$ 794.82	\$ 21.50	\$ 41,925.00
Luis Delacruz, Eric	District Inspector/Locator	\$ 23.57	\$ 45,961.50	39.7%	\$ 24.74	\$ 22.27	\$ 27.21	\$ 1,286.92	\$ 919.23	\$ 24.74	\$ 48,243.00
Starr, Matt	Field Operations Specialist	\$ 24.52	\$ 47,814.00	59.4%	\$ 24.74	\$ 22.27	\$ 27.21	\$ 1,338.79	\$ 956.28	\$ 25.70	\$ 50,109.07
Huntley, Kermin	District Inspector/Locator	\$ 24.61	\$ 47,989.50	61.3%	\$ 24.74	\$ 22.27	\$ 27.21	\$ 1,343.71	\$ 959.79	\$ 25.79	\$ 50,293.00
Hood, Joe	Field Operations Specialist	\$ 26.42	\$ 51,519.00	98.9%	\$ 24.74	\$ 22.27	\$ 27.21	\$ 1,442.53	\$ 1,030.38	\$ 27.69	\$ 53,991.91
Lewin, Jason	Field Operations Specialist	\$ 26.46	\$ 51,597.00	99.7%	\$ 24.74	\$ 22.27	\$ 27.21	\$ 1,444.72	\$ 1,031.94	\$ 27.73	\$ 54,073.66
Crowder, Nathan	Project Coordinator/Locator	\$ 26.47	\$ 51,616.50	100.0%	\$ 24.74	\$ 22.27	\$ 27.21	\$ 1,445.26	\$ 1,032.33	\$ 27.74	\$ 54,094.09
Odom, Shaun	Pretreatment Coordinator	\$ 23.66	\$ 46,137.00	10.1%	\$ 26.43	\$ 23.79	\$ 29.07	\$ 1,291.84	\$ 922.74	\$ 24.80	\$ 48,351.58
Roudebush, Bob	Laboratory Coordinator	\$ 26.31	\$ 51,304.50	61.6%	\$ 26.43	\$ 23.79	\$ 29.07	\$ 1,436.53	\$ 1,026.09	\$ 27.57	\$ 53,767.12
Keefe, Shelly	Utility Billing Specialist	\$ 27.45	\$ 53,527.50	83.8%	\$ 26.43	\$ 23.79	\$ 29.07	\$ 1,498.77	\$ 1,070.55	\$ 28.77	\$ 56,096.82
Prange, Loren	Chief Operator	\$ 31.16	\$ 60,762.00	61.2%	\$ 31.33	\$ 28.20	\$ 34.46	\$ 1,701.34	\$ 1,215.24	\$ 32.66	\$ 63,678.58
Martin, Jeff	Technical Specialist	\$ 31.39	\$ 61,210.50	65.0%	\$ 31.33	\$ 28.20	\$ 34.46	\$ 1,713.89	\$ 1,224.21	\$ 32.90	\$ 64,148.60
Strong, Aaron	Collection Superintendent	\$ 36.58	\$ 71,331.00	59.8%	\$ 71,607.40	\$ 62,859.12	\$ 80,355.68	\$ 1,997.27	\$ 1,426.62	\$ 38.34	\$ 74,754.89
Watkins, Scot	Plant Superintendent	\$ 42.09	\$ 82,065.75	99.3%	\$ 75,293.80	\$ 66,111.71	\$ 84,475.90	\$ 2,297.84	\$ 1,641.32	\$ 44.11	\$ 86,004.91
Hartman, Ryan	District Engineer	\$ 43.11	\$ 84,064.50	87.0%	\$ 79,249.55	\$ 69,585.32	\$ 88,913.78	\$ 2,353.81	\$ 1,681.29	\$ 45.18	\$ 88,099.60
Sheeks, Cindy	Controller	\$ 46.20	\$ 90,090.00	99.9%	\$ 82,563.31	\$ 72,494.56	\$ 92,632.05	\$ 2,522.52	\$ 1,801.80	\$ 48.42	\$ 94,414.32
Merkle, Wes	Engineering Manager	\$ 50.58	\$ 98,631.00	67.4%	\$ 97,254.45	\$ 85,393.90	\$ 109,115.00	\$ 2,761.67	\$ 1,972.62	\$ 53.01	\$ 103,365.29
Williams, Drew	Utility Director	\$ 57.80	\$ 112,710.00	83.0%	\$ 107,230.68	\$ 94,153.49	\$ 120,307.87	\$ 3,155.88	\$ 2,254.20	\$ 60.57	\$ 118,120.08
			\$ 1,349,566					\$ 37,788	\$ 26,991		\$ 1,414,634
									Budget Increase		\$ 65,069