



PERSONNEL AND BENEFITS

Monday October 22, 2018 at 7:30 a.m.
Memorandum

Members Present: Chairwoman Barb Lamb, members Chuck Ford and Mike Shaver.
 Staff Present: Andrew Williams.

Ms. Lamb called the meeting to order at 7:36 a.m.

PUBLIC COMMENT

There was no one present from the public.

APPROVAL OF MEMORANDA, AUGUST 27, 2018 AND OCTOBER 1, 2018

Mr. Ford made a motion to approve the meeting memorandum from August 27, 2018. Ms. Lamb seconded the motion and the memorandum was approved.

Ms. Lamb made a motion to approve the meeting memorandum from October 1, 2018. Mr. Ford seconded the motion and the memorandum was approved.

SAFETY UPDATE

Mr. Williams stated that there have been no loss time accidents to report. Staff has been conducting a lot of confined space entries in order to maintain the air release valves on the force mains. Fortunately, the staff is well trained. One of the manholes gave a 6 percent oxygen reading and 17 percent is needed to stay conscious while working. Testing the oxygen level gives them the opportunity to pump fresh air into the manhole before entering it.

HEALTH INSURANCE RENEWAL

Mr. Williams stated that the quote for health insurance renewal was received from Anthem. The current plan has been Grandmothered in for another year with no change in benefits or costs for 2019. Affordable Care Act plans were also quoted. While this option offers a decrease in the premium there would be a change in the coverage and deductibles. Mr. Williams recommended renewing the current health insurance plan with Anthem. Ms. Lamb stated that she agreed keeping the current plan is the best option for the Utility.

Mr. Williams received quotes to consider switching the Dental Insurance provider from Mutual of Omaha to Principal Financial the change would save \$4660 in dental costs for

the year. Ms. Lamb asked if it has a network? Mr. Williams stated that it does have network and that he would need to verify what that network is.

Mr. Ford asked if the Utility has a plan in place to promote wellness. Mr. Williams stated that the employees participate in a wellness program which includes a Maintain no Gain Challenge through the holidays to January. Employees receive a prize if they do not gain more than two pounds over the holiday season. In January employees receive a health screening and based on the results of that, Management will have presentations at staff meetings geared towards areas in which the staff needs improvement. There is an Employee Assistance Program for employees who may need counseling for emotional issues or other health concerns.

Ms. Lamb stated that the Committee can decide on the dental insurance options at the November meeting when all details for the options will be available. She recommended that the committee send a positive recommendation to the Board regarding the renewal of the current health insurance plan. Mr. Ford and Mr. Shaver agreed.

PERFORMANCE MANAGEMENT AND COMPENSTION

Step System

Mr. Williams recommended a ten step pay system. It provides for upward mobility for employees but while making the switch to a step system practical. Increases between steps varies 2.48% to 3.09% depending on the step. It is anticipated that if COLA is added each year, ranges would be adjusted to accommodate that. Mr. Williams stated that he has spoken with Mr. Mills, who indicated that he did not want to tie the COLA to any specific number. Mr. Mills would like the cost of living to be established by the Board each year. Mr. Shaver agreed that the Board should decide what the COLA would be each year rather than having it tied to a number such as the CPI. Ms. Lamb agreed that a ten-step system slows increases down a little reducing the yearly impact on the Utilities budget and makes salary increases more palatable to the Board.

Position Parity

Mr. Williams presented a chart showing entry level parity for employees at the plant and in the administrative office. The proposal is to move the office staff's entry level pay up to the same rate as entry level pay for the field staff. Most of the proposed increase would be for one administrative office position that sits well below the entry level of the plant staff. Ms. Lamb stated that the cost of the parity would be \$4438 for the first year. The Step and proposed COLA increases for 2019 would be an increase of 4.11%. Mr. Williams stated that expectations for an entry level position at the office includes knowledge of computer software including the Microsoft Office suite, phone etiquette and other customer service skills. Ms. Lamb stated that last month the Committee voted on the six-step system and the parity, the only thing that needs to be decided at this meeting is to vote on if the committee would rather propose a ten-step system to the Board for consideration. Mr. Ford stated that he likes the proposed ten-step system, it builds longevity. Ms. Lamb agreed that the ten-step system is better for the organization. Mr. Williams stated that management would continue with bi-annual reviews and only

employees performing at a competent level would be eligible for a step advancement. Ms. Lamb asked Mr. Williams to bring the employee appraisal form to the November meeting for the committee to review.

Ms. Lamb made a motion for the Committee to approve the ten-step system as presented including the entry level position parity.

Mr. Shaver stated that he would be more comfortable with the proposal if it had been reviewed prior to doing the WIS Salary Study. He has an issue paying for a study and then not using it. Mr. Shaver feels there is nothing that grounds this proposal in the market.

Mr. Ford stated that the WIS study gave the Committee an opportunity to take an in-depth look at the Utilities pay structure. The Committee made changes that he believes are significant and needed. He does not believe that the Committee would have looked at the pay scale as carefully as they did without the WIS study. It gave the Committee the opportunity to point out flaws with the study and make improvements on their recommendations. Mr. Shaver stated that the Committee has changed the entire basis of the system based on nothing market related. He is concerned that the Committee is recommending a system that no one has looked at. Mr. Ford stated that the Committee has walked alongside the City of Carmel with the insight of Ms. Lamb, it is not just a shot in the dark. The Committee has looked at the way Carmel has set up their city government pay system and have brought the Utility more inline with the norm. Mr. Ford believes that the WSI study showed the Board where the flaws in the current pay system are. Mr. Shaver asked if the entry level receptionist at Carmel gets the same pay as an entry level field worker. Ms. Lamb said yes, they do. Mr. Shaver agreed if that is true that would give the Committee some market basis for this proposal. Mr. Shaver stated that his only concern with the WIS study was the earnings cap that was lowered for seven employees. Mr. Ford stated that he believes that employees should feel comfortable with the step system. The Utility provides training for advancement and if they reach the top of their pay range and they are unsatisfied with their salary but trained they can move some place else. Mr. Williams stated that the Utility promotes training and does try to hire from within when positions become available. Mr. Ford stated that he would like to see more professionalization of the office staff. He asked if they are obtaining professional certifications for the training they are receiving. Mr. Williams stated that management is looking the possibility of certification from the billing software company the Utility uses.

Mr. Shaver directed the conversation back to the topic of compensation. He stated that if the Committee feels the step system works that is fine, however he reiterated that he has a problem negating the WIS study as well as the fact that overall household incomes have risen 1.7 percent and the Utility is putting its proposed increases onto those rate payers.

Ms. Lamb stated that regarding the WIS study, the Committee addressed Mr. Shaver's concerns regarding the seven employees who had their earning potential reduced. As far as the steps go WIS did not recommend that but the Utility was already in a merit system

and WIS was not given direction to look at any other system other than that. The Committee is still using the bases of WIS's study but the approach regarding salary increases is going a different direction. The top end of salaries was adjusted, and salary steps were implemented replacing the current merit system. The cost is less than \$60,000 and in terms of the overall budget for the Utility it shouldn't be a deal breaker. Ms. Lamb believes moving to a step system is good for the employees and not harmful to the Utility because it is not costly enough to change anything in terms of the budget.

Ms. Lamb made a motion that the Committee give the Board of Trustees a positive recommendation for the proposed ten-step program. Mr. Ford seconded the motion. Mr. Ford and Ms. Lamb both voted in favor of the motion. Mr. Shaver voted positively with the condition that proposed user rate increases end in 2020. Mr. Williams stated that Mr. Mills is optimistic that there will not need to be a user rate increase in 2019 based on the current projections. Mr. Ford commented that he would like it noted that raising salaries is not the costliest aspect of the budget for this company. He doesn't want to see rate increases tied to salary increases because there are so many other ways to cut the budget. The Capital Budget is enormous. The motion passed 3-0 Mr. Shaver's vote is conditional as described above.

OTHER BUSINESS

Ms. Lamb made a motion to approve the 2019 Holiday Schedule as presented. Mr. Ford and Mr. Shaver had no questions or comments the motion was passed 3-0.

The meeting adjourned at 8:43 a.m.

Respectfully submitted,



Andrew Williams
Utility Director