



BOARD OF TRUSTEE MEETING

Monday January 14, 2019, 7:00 p.m.
Memorandum

ROLL CALL

Present: President Marilyn Anderson, Vice President Steve Pitman, Treasurer Jane Merrill, Secretary Michael McDonald, members, Barb Lamb, Jeff Kimbell, Eric Hand, Carl Mills and Chuck Ryerson. Others in attendance were Utility Director Andrew Williams, Legal Counsel Scott Wyatt, Engineering Manager Wes Merkle, Controller Cindy Sheeks, Plant Superintendent Scot Watkins, and Administrative Assistant Maggie Crediford

Ms. Anderson called the meeting to order at 7:00 p.m.
Mr. Pittman arrived at 7:05 p.m.

PUBLIC COMMENTS

There was no one present from the public.

Newly appointed Board Members Chuck Ryerson and Jeff Kimbell introduced themselves. Mr. Ryerson is a customer of the Utility at both his home and his business. Mr. Kimbell lives within the service area but does not have sewer available. The other Board Members then introduced themselves to the new members and gave a brief summary of their background.

ELECTION OF OFFICERS

Mr. Hand made a motion that the Board Officers remain the same as they were in 2018: President Marilyn Anderson, Vice President Steve Pittman, Treasurer Jane Merrill, Secretary Michael McDonald and At Large Member Carl Mills. There were no other nominations. Ms. Merrill seconded the nominations. Mr. Pittman made a motion to approve the proposed Board Officers. Mr. Kimbell seconded the motion. There were no comments or discussion. The motion was unanimously approved.

COMMITTEE ASSIGNMENTS

Ms. Merrill made a motion to continue with the same Committee Assignments from 2018: Budget and Finance Committee, Chair Jane Merrill, members Carl Mills and Michael McDonald; Capital and Construction Committee, Chair Steve Pittman, members Marilyn Anderson and Eric Hand; Personnel and Benefits Committee, Chair Barb Lamb and new members Chuck Ryerson and Jeff Kimball. Mr. Pittman seconded the motion for the committee assignments. The motion was unanimously approved.

APPROVAL OF MEMORANDA

December 10, 2018 Board Meeting Memorandum

Ms. Merrill made a motion to approve the Meeting Memorandum from the December 10, 2018 Board of Trustees Meeting. Mr. Pittman seconded the motion. The December Memorandum was unanimously approved.

December 10, 2018 Executive Session Memorandum

Mr. McDonald made a motion to approve the December 10, 2018 Executive Session Memorandum. Mr. Pittman seconded the motion. The Executive Session Memorandum was unanimously approved.

December 10, 2018 Executive Committee Meeting Memorandum

Mr. McDonald made a motion to approve the December 10, 2018 Executive Committee Meeting Memorandum. Mr. Mills seconded the motion, and it was unanimously approved.

APPROVAL OF CLAIMS DOCKET

Ms. Sheeks stated that there were no large Capital Project expenses in the month of December. There were charges for manhole repairs and VLR cleaning. All other expenses were normal monthly operating expenses. Mr. Mills made a motion to approve the Claims Docket. Ms. Merrill seconded the motion, and the Claims were unanimously approved.

ATTORNEY'S REPORT

Scott Wyatt, attorney with Altman, Poindexter and Wyatt, LLC, stated that Mrs. Artest has been sent the easement offer via Certified Mail. There are no updates and currently there is nothing to do but wait for the 30 days for a response. If there is not response then the condemnation proceedings will move forward.

UTILITY DIRECTOR'S REPORT

Mr. Williams stated that all the committee meetings in December were canceled due to a lack of action items. The contract with Rook Securities has started, and they have begun monitoring the Utility's network.

Mr. Williams stated that he and the managers are putting together a comprehensive Annual Report for the Board. Mr. Williams expects that to be presented at the February Board meeting.

Mr. Hand had a question on page two of the December Newsletter regarding treatment costs being overbudget. Ms. Sheeks stated that she would need to pull the specifics for those charges and offered to go over them with Mr. Hand after the meeting.

Ms. Anderson stated Mr. Williams will begin meeting with former Board Member, Joe Clark, for mentoring on HR and management items.

BUDGET & FINANCE COMMITTEE

Resolution for Internal Temporary Loan

Ms. Merrill explained that there is a Resolution for consideration before the Board regarding an internal loan from the Plant Expansion Fund to the Interceptor Fund, which has fallen below zero. The transfer is needed to put money into the Interceptor Fund until unencumbered interceptor funds are paid to the Utility. The Budget and Finance Committee is recommending transferring \$550,000 from the Plant Expansion Fund into the Interceptor Fund which will be repaid as soon as possible.

Ms. Sheeks stated 2018 started with \$49,000 in cash in the Interceptor Fund. Income to that fund was \$590,000 and expenses were over \$1.1 million. A lot of the money spent from the Interceptor Fund was from the 106th Street Force Main Project (\$310,000), as well as the Jackson's Grant Section 6 Project (\$455,000). There were heavy expenses in this fund, and the goal is to repay the loan as soon as the revenue comes in. The State Board of Accounts does not like to see books negative at year end, which is reason for the loan.

Ms. Merrill asked if Staff has a timeline on when funds will start coming back into the Interceptor Fund. Mr. Merkle stated that there are several large projects in the next couple of months which will have money going out. One being the Michigan Road Parallel Force Main Project from Austin Oaks to 121st Street; around \$1.3 Million. The fund may go negative again next year depending on development projects that come in. For the Plant Expansion and Interceptor Funds, lower balances will be more common going forward as the Utility builds out. The capacity must be increased, and the sewers must be built before connection can be made to the system. The Utility pays the upfront expenses and gets reimbursed when fees are collected as developers, new customers and businesses connect to the system. Mr. Williams stated when the approved Capital Budget has been shown that the Utility will get low in cash reserves but will not go negative. The Utility plans to keep \$2 million minimum in cash. There is a plan to borrow internally, trying to avoid a bond for the Plant Expansion if that can be done. Historically, the Utility has done this to fund large projects up front and get paid back when development occurs. In 2004, a couple large projects were built which caused the Interceptor Fund to be negative for about four years before growth caught up and the fund was replenished. The Budget and Finance Committee likes to see the Cash Balance no lower than \$2 million in future projections.

Mr. Williams stated that the development done at Jackson's Grant was not solely for the developer's benefit; it also benefited the Utility build out its master plan. The developer paid their share of the cost internally to their development, TriCo paid to have the sewers installed at a depth and size that enable Lift Station 4 to be taken out of service.

Mr. Kimbell asked if Board Members are provided a balance sheet, as he did not recall seeing it in the packet he was provided. He asked how often a balance sheet is provided to the Board. Ms. Sheeks stated that she will send him a copy of the balance sheet and explained that it is distributed to the Board monthly with the Budget and

Finance Committee Packet, which he did not receive in December because he was not yet on the Board. Ms. Anderson stated that every Board Member gets a packet for every committee meeting regardless of which committee they serve on.

Ms. Merrill made a motion to approve a one-time transfer from the Plant Expansion Fund to the Interceptor Fund In the amount of \$550,000. Mr. McDonald seconded the motion. The motion was unanimously approved.

PERSONNEL & BENEFITS COMMITTEE

Ms. Lamb gave a presentation explaining the Step Salary System that the Board approved in December. Some Board Members had indicated that they did not fully understand the benefits of the new system over the previously used merit-based system. The PowerPoint notes of the presentation are attached.

CAPITAL & CONSTRUCTION COMMITTEE

Dedication of Sanitary Sewers at Waterfront at West Clay Section 2.c

Mr. Pittman made a motion to accept the dedication of the sanitary sewers from Waterfront at West Clay Section 2.c. Ms. Merrill seconded the motion. The motion was unanimously approved.

EXECUTIVE COMMITTEE

Utility Director Raise

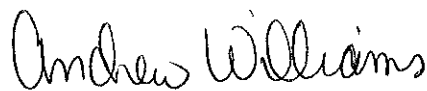
Mr. McDonald made a motion to approve the proposed 3.8% salary increase for the Utility Director, Mr. Williams. Ms. Lamb seconded the motion. The motion was unanimously approved.

ADJOURNMENT

Mr. Mills made a motion to adjourn the meeting. Ms. Lamb seconded the motion, and the meeting adjourned at 7:56 p.m.

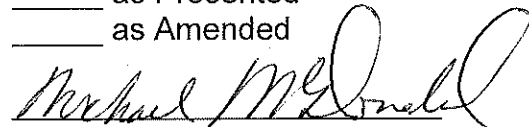
The next Board of Trustees Meeting is scheduled for Monday, February 11, 2019 at 7:00 p.m.

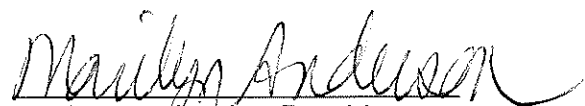
Respectfully submitted,


Andrew Williams
Utility Director

Approved:

as Presented
 as Amended


Michael McDonald, Secretary

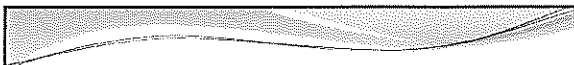

Marilyn Anderson, President



TriCo

2019 Compensation System

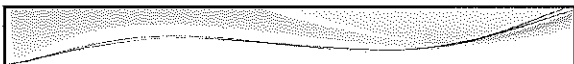
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Assumption

Trico wants to be the employer of choice, to attract the best candidates in the market and retain them to create a mature and highly skilled workforce

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Compensation Goals

- External equity—compensation is competitive with market (organizations with whom we compete for employees)
- Internal equity—compensation within TriCo is fairly distributed, based on the relative knowledge, skills and abilities required to perform the essential functions of each job

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Pre-2018 Merit System

- Board approved annual merit pool—percentage increase on previous year's total salaries—based on industry standards
- Pool divided among employees based on their relative performance during the year, as determined by their semi-annual performance appraisals
- Other factors, such as tenure, sometimes taken into consideration

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Pros/Cons of Merit System

- Intuitively makes sense
- Low cost
- Subjective, and public
- Difficulty of measurement; what are we measuring?
- Included factors other than merit
- Pool not large enough to clearly distinguish between levels of achievement
- Zero-sum game
- Some employees not progressing through pay range

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Waggoner, Irwin & Scheele Study

- District contracted with WIS to update its compensation system in 2017, to be effective in 2018
- Surveyed other sewer providers to develop external equity
- Used point factor system (used by State of Indiana and Hamilton County) to evaluate jobs and develop internal equity
- Revised (narrower) pay ranges
- Determined which pay range each position would be assigned to

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Waggoner, Irwin & Scheele Study
Issues with WIS study

- Not enough (not any) communication with Personnel and Benefits committee prior to issuing final report
- Final report issued in early December 2017, only days prior to passage of salary ordinance
- Adequate for 2018, but required tweaking for 2019 and beyond

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2019 Compensation System

- Created salary steps for regular and consistent upward mobility
- Increased maximum salaries from 10% above midpoint to 15% (restored pre-WIS maximums, which are very competitive)
- Created parity between starting pay for field positions and office positions
- Added cost-of-living adjustment (COLA), to be determined annually by Board

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Step and Grade System

- Each position is assigned to a grade, based on point factor analysis
- Each grade represents a pay range Each range has ten equal steps from minimum to maximum
- Employee may be started at step 1-5, dependent on qualifications (or higher if justified)
- Employee moves up pay range by annual step increases on January 1

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Step Process

- Transition: To convert to step system in 2019, 2018 salary was increased by COLA (2.8%), then taken to the next highest step in their grade; minimum increase is 2.8%, maximum is 5.38%
- Ongoing: Employees not at step 10 will move to the next highest step each January 1, starting 1/1/20
- Cost Impact: Total cost will increase slightly in 2020, then go steadily down as employees reach step 10

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2019 Grades and Steps

POSITION	Step 1 (Min)	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10 (Max)
Billing Assistant	20.01	20.63	21.25	21.87	22.49	23.11	23.73	24.35	24.96	25.58
Cashier/Service Assistant	20.02	20.63	21.25	21.87	22.49	23.11	23.73	24.35	24.96	25.58
Admin Support Specialist	20.02	20.63	21.25	21.87	22.49	23.11	23.73	24.35	24.96	25.58
Administrative Assistant	20.02	20.63	21.25	21.87	22.49	23.11	23.73	24.35	24.96	25.58
Field Operations Technician	20.02	20.63	21.25	21.87	22.49	23.11	23.73	24.35	24.96	25.58
Inspector/Assistant	22.27	22.89	23.51	24.13	24.75	25.37	25.99	26.61	27.23	27.85
Field Operations Specialist	22.27	22.89	23.51	24.13	24.75	25.37	25.99	26.61	27.23	27.85
Inspector/Assistant	22.27	22.89	23.51	24.13	24.75	25.37	25.99	26.61	27.23	27.85
Project Coordinator/Assistant	22.27	22.89	23.51	24.13	24.75	25.37	25.99	26.61	27.23	27.85
Production Control Operator	22.27	22.89	23.51	24.13	24.75	25.37	25.99	26.61	27.23	27.85
Laboratory Coordinator	22.27	22.89	23.51	24.13	24.75	25.37	25.99	26.61	27.23	27.85
Utility Billing Specialist	24.30	24.92	25.54	26.16	26.78	27.40	28.02	28.64	29.26	29.88
Crew Operator	24.30	24.92	25.54	26.16	26.78	27.40	28.02	28.64	29.26	29.88
Technical Specialist	24.30	24.92	25.54	26.16	26.78	27.40	28.02	28.64	29.26	29.88
Collections Superintendent	33.25	33.87	34.49	35.11	35.73	36.35	36.97	37.59	38.21	38.83
Plant Superintendent	33.25	33.87	34.49	35.11	35.73	36.35	36.97	37.59	38.21	38.83
Engineer	31.58	32.20	32.82	33.44	34.06	34.68	35.30	35.92	36.54	37.16
Contractor	31.58	32.20	32.82	33.44	34.06	34.68	35.30	35.92	36.54	37.16
Engineering Manager	43.79	44.41	45.03	45.65	46.27	46.89	47.51	48.13	48.75	49.37
Percentage Increase	NA	3.04%	2.99%	2.94%	2.89%	2.84%	2.79%	2.74%	2.69%	2.64%

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COLA

- Pay ranges, including each step in the range, are adjusted annually by amount of COLA
- Employees at top of their pay range get COLA increase only
- If COLA is not applied to salary ranges, external equity is soon lost; other employers in our market are giving COLA increases to remain competitive

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Performance Appraisals

- Step increases not automatic
- All employees (except Director) receive semi-annual performance appraisals
- Employee must receive overall rating of "Competent" or "Superior" to be eligible for Step increase
- Rating of "Marginal" or "Unsatisfactory" will lead to performance improvement plan, with step increase withheld until employee reaches competency

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Pros/Cons of Step System

- Eliminates subjectivity and potential for favoritism
- Simple and predictable for District and for employees
- Ensures employee salaries increase incrementally as their skills develop
- Inspires cooperation among employees rather than competition
- Puts hard cap on salaries
- More costly
- Doesn't distinguish between "Competent" and "Superior" levels of performance

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Board Role in 2020

- Determine COLA, which will be at Board's discretion (not tied to an index)
- Determine whether management team should be in open ranges (grades, but no steps) to give greater discretion to Director

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