



**JOINT BUDGET & FINANCE COMMITTEE,
PERSONNEL AND BENEFITS COMMITTEE AND
BOARD OF TRUSTEES MEETING**

Friday, June 24, 2022, at 7:30 a.m.

Memorandum

Ms. Merrill called the meeting to order at 7:34 a.m.

Members Present: Budget and Finance Committee Chair Jane Merrill, members Michael McDonald and Carl Mills. Personnel and Benefits Committee Chair Jeff Kimbell, members Eric Hand and Chuck Ryerson. Others in attendance were Board member Jeff Hill, Legal Counsel Anne Poindexter, Utility Director Andrew Williams, Controller Cindy Sheeks, Engineering Manager Wes Merkle, Collections Superintendent Aaron Strong, Plant Superintendent Scot Watkins and Administrative Assistant Maggie Crediford.

PUBLIC COMMENT

There was no one present from the Public.

Ms. Merrill turned the meeting over to Jeff Kimbell Chair of the Personnel and Benefits Committee to discuss the Compensation Study Presentation. Mr. Kimbell asked Mr. Williams to give a brief overview of the study for the rest of the Board members. Mr. Kimbell said this is the third meeting the Personnel and Benefits Committee has had regarding the study.

COMPENSATION STUDY PRESENTATION

Mr. Williams said staff has been working with First Person salary consultants. First Person researched job descriptions and created the benchmarking data points for each position. First Person noticed TriCo's current salary spread for a position was around 20 to 30% between the bottom and top of each position. They recommended the spread be up to 50 plus percent between low and high. First Person recommended moving to a salary structure with a salary range with a minimum, midpoint, and maximum. The managers however like the step system and asked that the salary structure be fit into that format. It would have been difficult to do that with the recommended salary data points in TriCo's current ten step system, so the proposed step system has six steps for positions at the lower end of the salary scale and more steps in positions as you move up the scale with twelve at the top levels. The thought is that entry level positions should be master within six years. Positions at the higher grades require more years to master the responsibilities.

Mr. Williams presented the proposed variable step system showing each position with their new minimum and maximum salary. The proposed step system is based off a consistent dollar amount between each step, so the percentages vary between steps. Management discussed using the same percentage between each step instead of a consistent dollar amount but recommends staying with the consistent dollar amount between steps. New employees come on lower in the step chart and they are learning a lot each year and their productivity increases substantially over the first few years. As

employees spend more time in a position, they are still productive and still learning but not quite the great leaps and bounds as when first beginning. If this new salary ordinance would be implemented July 2, 2022, the half year impact would be around \$82,500 on the budget. Mr. Kimbell noted that figure excludes any adjustments made to the Utility Director's salary. Mr. Williams said his salary has always been at the discretion of the Board with a minimum and maximum and not included in the step system.

Mr. McDonald said his company had given its employees an equal lump sum amount across the Board immediately and said it went a long way with goodwill towards the company and he asked if TriCo had considered doing something like that, providing immediate relief to the people at the bottom of the scale. Mr. Kimbell said this action wasn't taken due to inflation. It became more urgent as the economy shifted but every five years TriCo does a compensation review with a consultant and the increases are being moved to mid-year instead of at the conclusion of 2022 to help fight some of those inflationary issues. The positions were evaluated and are being brought up to their market value which was larger for some than others. Mr. McDonald said he agrees with the goal, he just wanted to advocate for an across-the-board bonus or lump sum payment to provide some immediate relief to those at the bottom of the pay scale.

Mr. Kimbell asked for clarification on Mr. McDonald's request. Mr. McDonald said in his case whatever the total amount was, for example \$1,000 everyone got that amount immediately in a lump sum payment. Mr. Williams said employees will have their regular performance reviews and step increases in January, the Board gave employees a \$1000 performance bonus at the beginning of 2022, and he feels the additional mid-year increase is generous in addressing the financial needs of employees at this time. There are new employees as well that are getting adjustments just after coming on this year. There are variations in the percentages of the proposed increases based on the market value of positions.

Ms. Sheeks asked Mr. McDonald if he is suggesting employees get a bonus and less of a bi-weekly increase the rest of the year. Mr. McDonald said he doesn't want to disrupt the salary structure; he is advocating for something to help the people at the lower end of the salary scale. Mr. Kimbell said he had forgotten about the \$1,000 performance bonuses given at the beginning of 2022. He suggested moving forward with the proposed salary increases as presented which provides increases for everyone and revisiting a bonus conversation at the end of the year when 2023 increases are discussed. Mr. Ryerson said the Board also provided a higher COLA percentage for 2022 because of the rising inflation at that time.

Mr. Mills said on average, employees will see a 9% salary increase across the Board. There was a \$1,000 bonus given to employees in January. That is a healthy increase if the proposed salaries are approved. Mr. Kimbell acknowledged Mr. McDonald's concerns that the increases have a lesser impact on the people at the lower positions but indicated it can be addressed again during the end-of-year compensation review.

Mr. Williams said one of the reasons this is a joint meeting is to have this be voted on and take affect on July 2, 2022, so employees can see some relief mid-year. Mrs. Poindexter said Mr. Williams would like the Board to act today.

Mr. Williams mentioned that adding a bonus in with the increases could get lost in the shuffle and doing them separately might lesson any confusion on what is being done. If the Board wants to discuss a mid-year bonus it could be done at the July or August Board meetings separately from the salary adjustments.

Mr. Mills asked if recommendations were given on the Utility Director's salary. Mr. Williams said she provided a maximum and minimum and it is up to the Board to decide the salary. There was a suggestion for the Utility Director's salary. Mr. Ryerson said he was not comfortable making an arbitrary decision on Mr. William's salary and would like the opportunity to do some research and have some thoughtful discussions on it. There was some discussion about Mr. William's salary, and it was decided the Board would discuss it at the July meeting and his pay could be retroactive to July 2, 2022, to coincide with the rest of the salary adjustments.

Mr. Kimbell asked if the proposed Salary Ordinance needed any further discussion from the Budget and Finance Committee. Ms. Merrill said the proposed impact is \$82,000 for half a year. Mr. Kimbell said yes, excluding any increase Mr. Williams might receive. Ms. Sheeks said Mr. Merkle ran numbers with a number plugged in for Mr. Williams and the budget was still comfortable, without considering the 5% rate increase taking affect in August. Mr. Merkle said the salary budget would go to \$2.13 million which would be comfortable without additional unscheduled rate increases. Mr. Mills said he is comfortable with the budgetary impact.

Mrs. Poindexter said there is a request before the Board to act on the proposed salary ordinance at this meeting. If the Board wishes to act, there needs to be a motion made.

SALARY ORDINANCE 06-24-2022

Mr. Kimbell made a motion to approve Salary Ordinance 06-24-2022. Mr. McDonald seconded the motion, and it was unanimously approved.

Mr. Kimbell made a motion to approve the new variable step system as shown in the packet. Mr. Hand seconded the motion, and it was unanimously approved.

Mr. Kimbell and Mr. Mills discussed having an executive session before the next board meeting to discuss the market rate for Mr. Williams salary. Mrs. Poindexter let them know the only issue that can be discussed in an executive session is Mr. Williams performance, if the conversation is going to be about the market rate for his position it would need to be during a regular public Board meeting. The Board members decided that the conversation will be more market rate related versus performance, it will be discussed at the July Board meeting. Mr. McDonald said he would like to see more data on what local Utility Directors make before picking a number for Mr. Williams. Mr. Kimbell agreed.

Mr. Kimbell closed the Personnel and Benefits Committee portion of the meeting.

Ms. Merrill convened the Budget and Finance portion of the meeting.

FINANCIAL STATEMENTS

Mr. Mills said employee insurance rates were especially high. Ms. Sheeks said two payments were made in May and there will be none in June. The June payment posted in May.

Mr. Mills said the sewage payment to Carmel was high. Ms. Sheeks said it was for May and there was wet weather in May, so the payment was \$102,000.

Mr. Mills asked about the Utility's investments. Mr. Mills said overnight money markets are offering good rates right now and are backed by the government. Mr. Mills and Ms. Sheeks will investigate what if anything has a better return on investment than where the Utility's money sits now. The Budget and Finance Committee agreed Mr. Mills and Ms. Sheeks should move some money into stronger investments if they are available.

Mr. Ryerson mentioned that the salary increases will eat up about 32% of the budgeted surplus amount of money, not including Mr. William's increase. For the year that would be 70% of budgeted surplus. Mr. McDonald said there is a 5% rate increase kicking in this summer and is not included in the budget numbers.

SAFETY UPDATE

Ms. Merrill asked if there is anything additional from what was included in the packet, Mr. Williams said there was not.

ADJOURNMENT

The meeting adjourned at 8:17 a.m.

Respectfully Submitted

Cindy Sheeks
Cindy Sheeks
Controller

Approved:

 X as Presented

 as Amended

Michael McDonald, Secretary

Michael McDonald

Carl Mills, President

Carl Mills