

This brief is being provided to inform the Board, staff and public of the details of an agenda item that requires action from the Board. The President of the Board will provide board members, staff, and the public the opportunity to ask questions about this topic when this agenda item is announced.

**Date: 20 May 2022**

**Originator:** General Manager

**Purpose:** To Appoint a Committee chartered to bring forward recommendation of a revision of the District's current employee benefits program.

**Supporting Documents Included: Yes**

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**1. Background:**

Prior to 2015, the District had no full time employees. The then General Manager, in a desire to keep the District's two critical part-time employees through job security and compensation, recommended making the sole Operator and the Office Administrator full time. The GM presented his findings to the board which requested that staff conduct a salary survey to determine whether the positions should be established with benefits or without benefits. . The summary results of that survey are provided in Attachment A.

The Board elected to create the two full time positions with benefit to best achieve District objectives. Subsequently the Board established a benefits committee to determine what level and composition of benefits would best fit staff requirements. Staff requirements for insurance and typical benefit package elements varied widely and the Board and GM defaulted to offering 30% of salary as cash in lieu of benefits, offering to provide insurance through SDRMA to employees in need of an insurance package. The current program is codified in District Policy 2150, Compensation, as a footnote on Policy 2150 Schedule A, approved in a Policy #2150-A Amendment.

**2. Issue:**

State and federal authorities consider cash in lieu of benefits as salary and assess payroll taxes. In California, overtime rates are based on the full salary including cash lieu of benefits placing additional pressure on payroll. The District's Auditors have strongly recommended that the District revise our benefits program.

In August of 2021 we started working with BBK's human resources counsel to review our benefits and develop a legal, yet fair plan for employees. Attorney Allison M. De Tal wrote an opinion paper (Attachment B) detailing the problems posed by our current program. In summary, she does not believe our program represents a bonified benefits program. Ms. De Tal had intended to continue working with the district to develop a plan but unfortunately left BBK employment. In April of this year we reengaged with BBK and are now working Mr. John Wahlin who has provided additional guidance and suggestions via email and phone discussions.

**3. Challenge**

Changes to the benefits program have real and immediate impact on our employees. Each of our employees have distinctly different requirements which will require careful consideration. SDRMA has a robust benefits program and is willing to work with the District to design a more traditional benefits package. Our two junior operators hired on with the current program in place and need to be treated fairly.

**4. Reason for Recommended Board Action - (Consider compliance, cost savings, fixing a problem):**

To ensure our benefits program is fair, legitimate, and sustainable as the District grows.

**5. Anticipated Impacts to the District (negative and/or positive) - (Consider financial impact, change in procedures, customer and staff communication and effect if recommendations are not adopted):**

Long term our program is not sustainable and represents an additional pressure on limited operational revenues. With changing labor laws there may also be some legal ramifications.

**6. Anticipated Impacts to the Customer – Standby, Residential, Commercial:**

Minimal short term impact, this is an internal district challenge.

**7. Recommendation:**

I am requesting the Board reform a benefit committee. My recommendation is that the committee consist of one or two Board Member, the Assistant General Manager (as the senior employee), and perhaps a SME from the community with appropriate expertise and experience.

