

August 7, 2015

Information Paper: Board and Employee Compensation Facts

Background: there is incorrect information being circulated concerning YLWD compensation.

Board of Directors: are paid \$150 per meeting, not to exceed compensation for more than one per day and not to exceed 10 paid meetings in a month. The last time the Board has voted to increase their pay was January **2003**, and that was by \$25 to the current amount of \$150.

Employees:

Background: water and wastewater utility workers are highly trained and certified professional skilled personnel that are in short supply and high demand. Many don't realize that by Presidential declaration and Dept. of Homeland Security law, they are also First Responders due to their critical role in providing water for fire (Public Safety) and sanitary water and wastewater service critical to Public Health. They work on call 24/7, 365 days per year to respond to emergencies. They perform daily checks and services of critical facilities. As such, it is costly to any organization to train and retain these State licensed individuals.

The current agreement with the Employee Bargaining Unit was necessary to slow the loss of our trained personnel to other utilities. The actual Emergency Drought Declaration by the Governor occurred on **April 1, 2015**, with implementation of mandatory conservation goals effective **June 1**. The Board met and officially approved labor negotiations on **May 11**. Although this is after the declaration, labor negotiations occur over many months, with give and take. The start date of actual labor negotiations with the Employees Association for the current contract was **February 3, 2015** (well before the Drought Declaration was ever known).

Immediately upon learning of our conservation mandate and loss of revenue, we hired a professional rate consultant (Raftelis) in order to determine our cost of service, and to determine rates that will cover the cost of service and meet our mandatory bond obligation. The date that Raftelis presented their analyses to the Board was **July 16, 2015**. This is the date from which financial decisions could be made by the Board based on professional analysis. This date is well after labor negotiations and the Board's decision, which reduces the expense of new negotiations for the next 3 years.

Past employee pay raise information:

FY 2009/2010: **No COLA.**

FY 2010/2011: **No COLA.**

FY 2011/2012: **No COLA.**

FY 2012/2013: **3% COLA, but in exchange employees have to pay 2% of the 7% statutory CalPERS employee contribution rate to CalPERS.**

FY 2013/2014: 3% COLA, but in *exchange* employees have to pay 4% of the 7% statutory CalPERS employee contribution rate to CalPERS.

FY 2014/2015: 3% COLA, but in *exchange* employees have to pay 7% of the 7% statutory CalPERS employee contribution rate to CalPERS.

So as of July 1, 2014 the COLA employees received was in exchange for having to pay 100% of their CalPERS retirement contributions so the Water District would not have to pay this retirement cost. These COLA's saved the District employee retirement costs not just for the years the COLA was given, but for the future also as a major government retirement reform.

The current employee contract approved for the next three years (so as to avoid costly annual negotiations):

FY 2015/2016: 2.5% COLA

FY 2016/2017: 2% COLA

FY 2017/2018: 2% COLA

Additionally, in FY 2011/2012 we implemented for new hires a new tier for retirement that reduced their benefit to 2% at age 60 (from 2% at age 55).

We also required new hires to pay 100% of the CalPERS employee contribution rate.

We eliminated Retiree Insurance Benefits for all new hires.

We implemented PEPRA on January 1, 2013 (new members retire at 2% at age 62, and they don't get pay computed at single highest year, but instead on the average of the highest 3 years).

The overall point is that we have put into place new policies that reform government pay, benefits, and pensions that will not fund the cost of employees onto the future generations of our children. The short-term COLA's we have implemented have been offset by the reduction of long term benefits that cost more in the future, and reduce the loss of trained personnel.