

REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

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EMPLOYEE COMPENSATION POLICY

It is the intent of the Authority to provide employee compensation (pay and benefits) that is fair and equitable and that is comparable, based upon an employee's experience, skills and performance consistent with established job descriptions, and with that of similar water and public entities regionally. As a small, professional, management-focused organization, it is the intent of the Authority to provide employee compensation at or above the labor market for the industry and the geographic area. The compensation practices of the Authority will be competitive within the industry and geographical area to attract the most qualified candidates and to minimize turnover of its employees.

The Executive Director will have the authority to set and change employee base rate of pay in accordance with the intent of this Policy and within the budgetary guidelines approved by the Board of Directors. As part of the annual budget review process, the Executive Director will be responsible for preparing and presenting a labor budget to the Board of Directors in accordance with this Policy. The Board of Directors will consider, amend as required, and approve the annual labor budget for the Authority. Once the labor budget has been approved, the Executive Director may determine in his or her discretion how to apply any approved increase to each employee's existing base rate of pay. Changes to employee benefits will generally require Board action to approve changes to the Employee Handbook and other policies.

The specific terms of this Policy apply to staff only, except as specified in Section IV, below. All aspects of the Executive Director's compensation are subject to Board approval of an employment contract.

I. Pay Ranges

It is the Authority's Policy to provide a program for advancement of its employees within the pay range of their position using a merit based system based on objective regular goal setting and performance evaluations. Employees will typically advance within their pay range

annually, subject to the discretion of the Executive Director, based on evaluation of the employee's performance and growth in responsibility and/or expertise in performing the work of the position. The Executive Director may move an employee to a higher level classification, based on performance, experience and documented needs of the organization.

Classification pay ranges shall typically be established with a 20% range between the minimum and maximum of the range. Steps will be established within each range to provide guidelines for use in annual budgeting. The Executive Director shall recommend pay ranges for all employment classifications with the Authority, with the exception of the Executive Director position. With the exception of changes cost-of-living adjustments as specified below, changes to the pay scales is subject to review and approval by the Board of Directors.

II. Cost of Living Adjustment (COLA)

The Executive Director will consider the United States Department of Labor's Consumer Price Index (CPI) for All Western Small Cities (population under 2.5 million) for the 12 months ending in November of each year in developing the proposed budget for the Authority. If the Board approves a budget that includes funding for a cost of living adjustment (COLA), the Executive Director will have the discretion to apply a COLA to all staff salaries, regardless of position within a salary range in the fiscal year for which the budget is adopted.

To avoid penalizing employees at or near the top of the salary range, and to ensure pay ranges remain comparable to the market between compensation surveys, the November CPI will be applied annually on January 1st to adjust the pay ranges. The Executive Director will report the adjusted salary ranges to the Executive Committee at its next regular meeting.

III. Compensation Survey

The Executive Committee will generally direct staff to conduct a compensation survey at least every five years to ensure that the total compensation offered by the Authority (base rate of pay and benefits) is consistent with this Policy; provided, however that a compensation survey may be commissioned at any time if directed by the Executive Committee or if recommended by the Executive Director and approved by the Executive Committee. The Executive Committee may also use its discretion to waive or vary the five year commitment.

Before initiating the survey, staff will brief the Executive Committee and solicit feedback on the scope of the compensation survey, including comparable agencies/organizations to be surveyed and data elements to be collected prior to commencing the survey. Survey organizations should be selected to provide a representative sampling of 1) local water agencies, 2) water-related associations located in the Sacramento region, 3) regional planning organizations within the Sacramento region, and 4) regional membership organizations in the region.

The Executive Director will use the results of the survey to propose modifications to base rate of pay and/or benefits necessary to achieve the intent of this policy. Proposed pay ranges should include consideration of such things as 1) the mean, median and 62.5th percentile of the

compensation data, 2) the comparability of surveyed classifications to RWA job classifications, and 3) RWA experience recruiting and retaining staff in each classification.

IV. Executive Director Compensation

Executive Director compensation is subject to approval of an employment contract by the Board of Directors. The Executive Committee may direct staff to conduct a survey of executive compensation to guide negotiation of the Executive Director employment contract. The conduct, timing, and scope of such a survey will be at the sole discretion of the Executive Committee.