

ACTION SUMMARY MINUTES
MINUTES OF THE SPECIAL BOARD MEETING OF
THE BOARD OF DIRECTORS OF THE
FRESNO METROPOLITAN FLOOD CONTROL DISTRICT
HELD WEDNESDAY, APRIL 15, 2015

Pursuant to notice, the Special Meeting of the Board of Directors of the Fresno Metropolitan Flood Control District was held Wednesday, April 15, 2015 at 6:00 p.m. in the Board Chambers of the Fresno Metropolitan Flood Control District at 5469 East Olive Avenue; Fresno, California.

DIRECTORS PRESENT: Mike Rastegar, Chairman
Barbara Goodwin, Vice-Chairman
Jennette Williams
Roy Spina
Kendall Groom
Frank Fowler
Buzz Burlison

DIRECTORS ABSENT: None

STAFF, CONSULTANTS,
OTHERS PRESENT: Alan Hofmann, General Manager-Secretary
Peter Sanchez, District Engineer
Debbie Campbell, Design Engineer
Paul Merrill, Finance Manager
Daniel Rourke, Environmental Resources Manager
Karyn Kruser, Staff Analyst
Carol Gerking, Accountant
Benita Walker, Accounting Technician
Brent Sunamoto, Operations Engineer
Frances Lopez, Office Manager
Esther Schwandt, Clerk to the Board

PRESIDING: Director Rastegar, presiding as Chairman called the meeting to order at 6:00 p.m. and Mr. Sanchez led the Pledge of Allegiance.

2. WORKSHOP:

Review of Current Employee Compensation and Benefits Program Offered by the District

Review the District's employee compensation and benefits program. This Workshop is for informational purposes only. No action is required of the Board of Directors unless specific direction is given to staff.

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The Clerk to the Board distributed printed copies of the PowerPoint presentation to be used this evening.

Mr. Hofmann then began the review of the Employee Compensation and Benefits Program as outlined in the Board Memorandum and as highlighted in the PowerPoint presentation attached to this Board Packet.

Salary Compensation

Discussion was carried among Board Members and staff with respect to the Salary Compensation, specifically implementing more steps in smaller ranges, such as a 2.5% step increase, rather than the current 5% step. Mr. Hofmann stated his support for the 2.5% step increase as he believed it would encourage and provide an incentive for staff to work harder. Director Spina stated he would not be in favor of it, as he believed it would create friction among staff. However, he stated if it was good for the morale of staff, then he would favor it. Director Fowler stated he would have to see how an employee would be evaluated, before he could support the additional steps. Director Williams stated she concurred with Director Fowler noting her belief that the qualifications would have to be specifically spelled out clearly as to what an employee would have to do to get to the next level for each step, in each position. Director Rastegar noted his belief it may be problematic for Supervisors, and he also stated "money wise" he did not believe it made that much of a difference, but the budgetary impacts would need to be considered.

Director Spina stated he would prefer to insure the District has a good way of evaluating whether the District's employees were being paid a competitive salary, as he believed this was more important. Director Fowler noted the importance of comparing with those the District is competing for employees with; specifically, he believed Caltrans was the one agency the District would directly be competing against. Mr. Hofmann noted the District competes against the two Cities, the County and Caltrans. He stated the Air Pollution Control Board was mainly included as a comparison for a local agency, and for the benefit structure. Director Goodwin expressed her thanks that staff included comparison with other "water agencies", as the District does deal with water issues and she believed the Board needed to be informed as to possible Statewide issues affecting water, which in turn could affect the budget.

Director Goodwin stated on an annual basis, she would like to see what the District's salary and benefits compensation is in comparison to the total Budget, and in comparison to past years, and other agencies.

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Mr. Hofmann stated at this point, he would not propose to the Administrative Committee, a change to the District's current step process or employee classes unless it was a benefit to the agency in terms of employee satisfaction, noting if the current system is not broken, why try and fix it. Mr. Hofmann stated he presented this as an option, and for the Board to consider what other agencies are doing. Director Groom stated he would not mind looking at it further. Director Williams stated she concurred with Director Spina in that it did not matter whether it was 2.5% or 5% so long as it is clear on how you are getting there.

Health Insurance, Vision Insurance, and Dental Insurance

Director Burleson stated with respect to the 5 (five) employees (pre-1988) who currently are not eligible for Vision and Dental Insurance, he suggested possibly the Board taking a look at this as it had been a long time since 1988.

Responding to questions from Directors Rastegar and Burleson regarding the District contribution of 100% for employee only health insurance, Mr. Hofmann and Ms. Kruser stated the 100% contribution is a District Policy, so the District gets the 4% premium adjustment incentive from the Association of California Walter Agency (ACWA) Joint Powers Insurance Authority (JPIA); the District is also eligible for the incentive by paying 100% of the least expensive plan offered; regardless of how much the Health Insurance premium goes up, the District's policy still covers 100% of the employee only premium; there are other agencies who have a cap on the amount they will pay with respect to the increased premium; the premium has been averaging 8% to 10% increase for the past few years; and JPIA attempts to keep the adjustments to the premiums at the same rate for all Health Plans with the exception of the High Deductible Health Plans.

Discussion was carried among Board Members and staff as to the various options of employers' covering Health Insurance costs.

Discussion was initiated by Director Burleson and Director Groom with respect to offering incentives for the High Deductible Health Plans (HDHP) to encourage employees to choose these plans, such as contributing some of the premium savings the District will receive by an employee choosing the HDHP; and the employee benefits because they receive the funds as pre-taxed dollars in a Health Savings Account (HSA) fully held and controlled by the employee.

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Director Williams stated if the District would offer this type of incentive, then she would want to see how much a HDHP plan would cost, how much is being recommended to be put into the HSA account; and how much, overall, will the District save on premiums and payroll taxes on an annual basis.

Director Burleson stated he would like to see this issue proposed this calendar year, because elections would have to be made in the November/December time frame for the following year, noting nothing can be initiated this current fiscal year. Ms. Kruser noted the District has open enrollment beginning in October and it ends in the middle of November, with the effective date being January 1. Director Burleson stated he would want something in place and evaluated, to be attractive to the employees. Director Burleson also stated he would like to see what can be done to encourage employees to participate in a HDHP, as he believed it would be a win/win for the District as well as the employees. He noted this would not be able to be implemented until the 2016/2017 Budget year. He suggested staff bring the information to the Board possibly at the September Board Meeting.

Mr. Hofmann stated staff will Budget the Health costs as has been done in the past. If staff chooses a HDHP, then there may be six months' worth of savings, but staff will bring a recommendation on a Policy for an HSA, including District participation as previously discussed. Director Williams noted the Insurance Company should be able to prepare that information. Director Groom noted Andy Sells, Chief Executive Officer of the ACWA/JPIA would be a good resource for the information.

Mr. Hofmann stated he would hope, if changes are proposed to the District's Health plan (i.e. premiums, caps, etc.); that changes should be looked at long term, proposing a future tier, and not necessarily change the benefit packages that the current staff had been told was offered by this agency when they were hired.

Retirement

Director Groom stated with respect to 457 plans, he believed if the husband and wife both die, the 457 plan will be given to the beneficiary in a lump sum and taxed. Director Groom and Director Spina suggested the District should clarify this with the plan administrator. Mr. Hofmann stated staff would check into that and provide the information to District employees.

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Director Rastegar clarified that the District has no long term liability with respect to Retirement costs, as the District participates in a defined contribution plan. He stated that the District contributes into a Money Purchase Pension Plan for each employee an amount equaling fourteen percent (14%) for pre-1988 employees and ten percent (10%) for post-1988 employees of the employee's gross salary.

Director Burluson recommended staff give new employees several opportunities to understand the importance of contributing to a retirement account. Director Rastegar noted the District provides opportunities for employees to meet with the retirement representatives.

Life and Long-Term Disability

Responding to Director Burluson's question as to whether the District offers, at the employee's expense, long term health care, Mr. Hofmann stated he believed the District's new cafeteria plan provider, American Fidelity, has those plans available. Director Burluson noted his belief that this would be something important to offer to District employees, but at the employee's cost.

Annual Leave

Responding to Director Spina's questions, Mr. Hofmann stated it is mandatory and he strictly enforces that each employee must take a minimum of fifteen (15) workdays of annual leave by the last full pay period in June of each fiscal year; and Annual Leave is a combination of sick and paid vacation leave.

Responding to Director Groom's question as to who advises the District as to employee laws, Mr. Hofmann stated Dave Camenson of David M. Camenson, a professional Corporation; Steve Crass of Baker, Manock & Jensen; and Doug Larsen of Fishman, Larsen, Goldring & Zeitler (formerly of Baker, Manock & Jensen). Director Groom noted a new law recently passed regarding "Paid Sick Law". Mr. Hofmann stated the law affects part-time and provisional employees, and the item has been taken to the recent Policy Committee with a recommendation being brought to the full Board at the April 22nd Board Meeting.

Comparison of Other Agencies and Special Districts' Benefit Packages

Discussion was initiated by Director Rastegar regarding how the State compares Retirement and Health plans in particular when you compare a Defined Benefit Plan with a Defined Contribution Plan as shown on Charts attached to the Board Packet. Mr. Merrill stated the comparison is made of the District's contribution (10%) versus the State's contribution based on the current percentage that can fluctuate every year.

Other Post-Employment Benefits (OPEB)

Responding to Director Spina's question as to the OPEB funds, Mr. Hofmann stated the District currently funds the current retiree health benefit costs from the General Fund. Mr. Hofmann stated until the OPEB account reaches a fully funded level, he proposes to continue this strategy. However, he will change the Budget and Quarterly Reports to, in the future, account for all current and OPEB trust expenditures as an OPEB liability. Discussion was carried among Board Members and staff regarding when the retiree health care costs would be funded and maintained out of the OPEB account. Responding to Director Burleson's comment regarding retirees at age 65 enrolling in the Medicare Part D program, Mr. Merrill stated as of January 1 of this year, JPIA requires District employees to enroll in Medicare Part A & B, and D, which reduces the District's premium automatically, as the District's insurance then becomes secondary.

Director Fowler stated the retirement Health Insurance was a good benefit for District employees, noting the County of Fresno pays zero for Health Insurance once you retire from the County.

Director Rastegar noted the District has attempted to insure that what has been promised to the employees has been funded, noting the prefunding that is being done under OPEB. He stated this is the reason the Board has been carefully reviewing the District's retiree liabilities, before looking at any new benefits or benefits for future employees, as he believed it important that existing employees remain whole even after they retire from the District.

Director Burleson stated at some point, he believed the District should look at future employees and retirement benefits, because he believed the industry, and the government are changing with respect to retirement benefits, and noted his belief that the new hires do not get as much as current employees do.

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Director Rastegar noted we may already be there, as he stated the District's current pension liabilities are the same as other private sector employers. He also noted the District has made some changes to the retirement for future employees. He stated the District's medical coverage is a good coverage, and believed what the District needs to do is watch how the medical expenses and salaries go up.

As the report was submitted for informational purposes only, no further action was taken.

ADJOURNMENT

Adjourned Board Meeting 7:40 pm

Motion by: Spina Second by: Williams
Ayes: Rastegar, Goodwin, Williams, Spina, Groom, Fowler, Burleson
Noes: None
Abstentions: None
Absentees: None


ALAN HOFMANN
GENERAL MANAGER-SECRETARY

DATE