REGULAR MEETING OF THE ADMINISTRATIVE COMMITTEE
OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA
12621 E. 166TH STREET, CERRITOS, CALIFORNIA 90703
2:00 P.M., WEDNESDAY, JANUARY 11, 2006

AGENDA

Each item on the agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Items listed as "For information" may also be the subject of an "action" taken by the Board or a Committee at the same meeting.

1. DETERMINATION OF QUORUM

2. PUBLIC COMMENT

3. MINUTES OF THE REGULAR ADMINISTRATIVE COMMITTEE MEETING OF DECEMBER 22, 2005
   Staff Recommendation: Approve the minutes as submitted.

4. TRAINING REPORT
   Staff Recommendation: For information.

5. CLASSIFICATION AND COMPENSATION STUDY
   Staff Recommendation: Recommend the Board award a contract for the completion of a classification and compensation study to Reward Strategy Group in an amount not to exceed $32,175.

6. ADMINISTRATIVE CODE REVISIONS
   Staff Recommendation: Discuss any Administrative Code revisions and recommend the Board consider adoption of any such revisions as recommended by the Committee.

7. DEFERRED COMPENSATION
   Staff Recommendation: Receive summary of changes to plan documents.

8. DEPARTMENT REPORT
   Staff Recommendation: For information.

9. ADJOURNMENT

Posted by Abigail C. Anderd, Deputy Secretary, January 6, 2005.
A regular meeting of the Administrative Committee of the Board of Directors of the Water Replenishment District of Southern California was held on December 22, 2005 at 10:50 a.m. at the District Office, 12621 E. 166th Street, Cerritos, California. Chairperson Willard H. Murray, Jr. called the meeting to order and presided thereover. Administrative Support Specialist Emmy Stratton recorded the minutes.

1. DETERMINATION OF QUORUM
   Attendees included:
   Committee: Directors Willard H. Murray, Jr. and Norm Ryan
   Staff: Robb Whitaker, Tina Graham

2. PUBLIC COMMENT
   None.

3. MINUTES OF THE REGULAR ADMINISTRATIVE COMMITTEE
   MEETING OF NOVEMBER 9, 2005
   The minutes were approved as submitted.

4. TRAINING REPORT
   Manager of Administration and Human Resources Tina Graham provided an update of training programs WRD employees have participated in during the month of November. She noted that Attachment A to the report provided an outline of department training plans which could be compared to the report of actual training.

   Discussion was held regarding the ethics training requirements of AB1234. Ms. Graham will present the recommended list of employee positions to participate in the training as well as the training venue options at the next Administrative Committee Meeting.

5. DISTRICT COUNSEL – SCOPE OF WORK
   Director Ryan raised the concern that a board member may avail himself of legal counsel services without reporting to the full board the outcome of the consultation. He stated that Director Katherman had requested the Committee consider implementing a policy defining under what circumstances a Board member could directly contact legal counsel on behalf of WRD. Lengthy discussion followed. The Committee reviewed legal expenses for the past five years, and concluded they were reasonable. The Committee also
reviewed a policy for staff use of legal counsel services. Director Murray requested that Ms. Graham obtain from legal counsel a detailed explanation of their billing system, to include billing for meetings, phone calls, different levels of legal expertise (i.e., lawyer, paralegal, secretary). He further requested information on how WRD would ascertain if there are charges for business not specifically related to WRD. Director Murray stated he would look into legal billing practices at other agencies, and requested Director Ryan to work with Ms. Graham in drafting a policy for consideration at the next Administrative Committee. Director Murray stated that counsel needed to itemize billable services when preparing a statement for WRD.

6. ADMINISTRATIVE CODE REVISIONS
Ms. Graham stated that in January she would be asking the Board for clarification of issues related to the level of the medical expense reimbursement benefit for retirees. It was stated that the language was not clear as to whether increases to the medical expense reimbursement given to Directors and employees and their dependents applied to retirees and their dependents as well.

Director Ryan stated that the increases should apply to retirees and their dependents and that the annual cpi increases would allow retirees to keep up with inflation. The Committee directed staff to develop the appropriate language for the Administrative Code and to submit the revision to the Committee at the next meeting.

Director Ryan was excused from the meeting at 12:14 p.m.

7. DEPARTMENT REPORT
Ms. Graham provided an update of department activities. She stated that revised deferred compensation plan documents to update the match dollar amount would be presented for approval at the next committee meeting, and that the flexible spending and health reimbursement account program documents have been updated such that both programs would be outsourced to the same administrator. Implementation of a system of tracking certificates of insurance adding agencies as additional insured to WRD’s JPIA insurance has begun.

Director Murray stated that he had requested information about staff use of sick time and had not received it. The Committee directed Ms. Graham to begin providing the information at the next meeting, and that the information did not have to be reported by employee name.
9. **ADJOURNMENT**
With no other business to come before the Committee, the meeting was adjourned at 12:30 p.m.

________________________
Chairperson

**ATTEST:**

________________________
Director
DATE: JANUARY 11, 2006

TO: ADMINISTRATIVE COMMITTEE

FROM: ROBB WHITAKER, GENERAL MANAGER

SUBJECT: TRAINING REPORT

SUMMARY
At the request of the Committee, this item is a standing agenda item.

The attached report contains a list of training programs each manager planned for staff to attend during the fiscal year. The report also shows what training staff has actually attended since the beginning of the fiscal year.

FISCAL IMPACT
None.

STAFF RECOMMENDATION
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## ENGINEERING, PLANNING AND OPERATIONS

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# STAFF DEVELOPMENT FY 05-06

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DATE: JANUARY 11, 2006
TO: ADMINISTRATIVE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: CLASSIFICATION AND COMPENSATION STUDY

SUMMARY
The District has incomplete and outdated job descriptions, and new positions have been created for which there are no job descriptions. In addition, the District has not completed a comprehensive evaluation of its salary structure, in relation to what the market offers, in several years. As a result, the Board has directed staff to complete a classification and compensation study.

Staff mailed requests for proposals to eleven companies that specialize in performing classification and compensation studies. Six companies responded to our request.

Based on proposal content, experience and results of reference checks, staff recommends the project be awarded to Reward Strategy Group. A copy of Reward Strategy's proposal is attached for the Committee's review.

Reward Strategy Group was formed in 1987 and has performed classification and compensation studies for more than twenty water agencies in the western United States. They also have extensive experience analyzing benefits offered by public agencies.

The study is expected to take five months to complete and Reward Strategy bid the study at a not to exceed cost of $29,250. Staff recommends adding a ten percent contingency ($2,925) to the not to exceed cost. The additional funds would be used to cover costs not included in the proposal such as additional meetings to update the Committee and Board on the progress of the study.

FISCAL IMPACT
The fiscal impact would be $29,250 plus a ten percent contingency amount of $2,925, for a total not to exceed amount of $32,175. The FY 05-06 budget contains $30,000 for the study and additional funds are available in the budget to cover the ten percent contingency.

STAFF RECOMMENDATION
Recommend the Board award a contract for the completion of a classification and compensation study to Reward Strategy Group in an amount not to exceed $32,175.
Water Replenishment District of Southern California

Proposal to Conduct
A Classification and Compensation Study

October 27, 2005

Prepared by:

REWARD STRATEGY GROUP
9276 Scranton Road, Suite 120, San Diego, 92121
(858) 404-0080 • Fax (858) 404-0116
www.rewardstrategy.com
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Section I: Cover Letter

October 27, 2005

Ms. Tina Graham  
Manager of Administration/Human Resources  
Water Replenishment District of Southern California  
12621 East 166th Street  
Cerritos, CA 90703  

Dear Ms Graham:  

Reward Strategy Group is providing its proposal to conduct a comprehensive classification and compensation study for the District. We have been conscientious in closely studying WRD's requirements for this project and addressing your needs in our proposal.

We have outlined a thorough, but efficient, process for performing the work and achieving the high-quality deliverables the District deserves. RSG is prepared to dedicate a four-consultant project team to the engagement.

We are confident that no other prospective consultant brings more experience, functional expertise and technical know-how to the study than Reward Strategy Group. Our successes with classification and compensation projects for public-sector clients are unsurpassed among our competitors. RSG will design and deliver classification/compensation programs that exceed WRD's high expectations.

Sincerely,  
REWARD STRATEGY GROUP, INC.

[Signature]

Allan M. Crecelius  
President
Section II: Scope of Work

The District wishes to retain a highly qualified consulting firm with a track record of conducting thoughtful, rigorous classification and compensation studies. WRD has never performed a comprehensive study of this nature.

The District’s existing job specifications were prepared five years ago by WRD staff, while the current salary range structure is based on a late 1990s salary survey performed by a retained consultant. In subsequent years, certain jobs have been realigned within the range structure and newly created jobs have been added.

The overall scope of this consulting project entails performing a comprehensive review of all job classifications in the District, preparing updated job specifications, and recommending a compensation schedule designed to be competitive with the appropriate labor market, while remaining fiscally responsible.

WRD has 22 full-time, regular employee positions (represented by AFSCME) and five department managers plus the General Manager.

OBJECTIVES

The key objectives to be achieved through RSG’s consulting services are:

- Develop an improved position classification system for the District that reflects the agency’s overall strategy, accurately depicts the way work is organized and performed today, supports the effective management and development of the organization’s human resources and can accommodate any future growth or change in WRD services and operations.

- Apply progressive, state-of-the-art classification practices to the new program.

- Prepare up-to-date job specifications for all WRD classifications.

- Design an effective market survey approach and conduct an accurate salary and benefits survey.

- Design an improved base salary structure that is logical, competitive, and based on modern compensation theory, while enabling effective administration of employee compensation.

- Allocate all WRD classifications to the appropriate grade/range in the new salary structure based on an accurate assessment of both external market competitiveness and internal organization job content relationships.

- Ensure both the classification and salary programs accommodate the District’s represented and nonrepresented employees.
Section III: Study Approach and Scope of Services

Reward Strategy Group’s approach to the WRD study will encompass five phases:

- **Phase A** – Project Planning and Orientation
- **Phase B** – Classification Diagnostic and System Design
- **Phase C** – Market Salary Survey
- **Phase D** – Salary Plan Design
- **Phase E** – Report Documentation and Presentation

Our efforts in each phase are outlined below.

**PHASE A – PROJECT PLANNING AND ORIENTATION**

To begin the engagement, RSG’s project team will want to gain a full understanding of WRD’s current organization, budget, strategic goals, operating objectives, functional accountabilities, staffing arrangements, compensation practices, personnel rules and labor agreements that represent the study’s context. We will define executive management’s expectations for the project and agree on what success will look like at the study’s conclusion. We will agree upon a detailed project schedule/timeline, communication requirements and tasks/techniques for managing the project.

Key elements of this phase include:

- **Consultant Team Orientation and Background Material Review.** RSG will collect and review all pertinent organization, operational and human resources management materials. We will meet with the District’s key managers to discuss management philosophy, decision-making processes, as well as other agenda topics:
  - Gain input on the current employee relations environment and any impact it may have on the study.
  - Review organization issues and staffing concerns that may influence the study.
  - Detail our proposed study methodology and the engagement’s time frame.
  - Discuss management’s overall perspective on the long-term needs and requirements in terms of staffing, organization design, position classification and compensation practice to support WRD in accomplishing its operational and service objectives.

- **Finalize Project Plan.** RSG’s Project Manager will work with District management to finalize a detailed work plan that:
☑ Ensures a smooth, efficient sequencing of project initiatives focused on accomplishing agreed-upon study objectives.

☑ Addresses any issues and concerns identified by management.

☑ Provides a schedule of project milestones and deliverables.

☑ Incorporates a sound communication plan.

- **Senior Manager Meetings.** RSG will meet both collectively (management group meeting) and individually with the GM and five department managers to:
  
  ✓ Review and understand their functional organizations and accountabilities.
  
  ✓ Gain input on classification and compensation issues they believe are important.
  
  ✓ Solicit their perspectives on any “hot buttons” that could affect successful completion of the study and implementation of its results.
  
  ✓ Obtain their input regarding critical skills and core competencies required to achieve their unit’s work plans.

- **Carry Out Initial Project Communications.** RSG will assist WRD in composing initial communication pieces.

**PHASE B – CLASSIFICATION DIAGNOSTIC AND SYSTEM DESIGN**

During this phase, our consultants will collect and confirm job content information, conduct a rigorous assessment of classification system design alternatives, develop an updated classification structure, improve titling protocols, document new or updated class specifications and allocate all positions into the new class structure.

Classification steps include:

- **Prepare Position Description Questionnaire (PDQ).** RSG will modify its model questionnaire as necessary to meet the District’s job content collection requirements. Our questionnaire collects the information necessary to identify essential and non-essential job functions. We will review the questionnaire with WRD management for input on PDQ structure and content. Once edited and approved, the PDQ and Instructions for Completion will be printed in paper copy and installed on the District’s intranet for electronic access by employees.

- **Conduct Employee Orientation Sessions.** To distribute the Position Description Questionnaires to employees covered by this study, we will conduct one or two group orientation sessions. The meetings will introduce the study, the consultants, and explain the intended results. RSG consultants will:
Discussions project objectives.
> Give instructions on how to complete the questionnaire.
> Describe why this data is being collected and why quality data is critical.
> Explain what employees should expect (and not expect) from this study.
> Outline the steps and schedule for completing the project.
> Answer questions and clarify information.

- **Manager/Supervisor Review of Completed PDQs.** Each regular employee’s completed PDQ must be reviewed by his/her supervisor or manager for completeness and accuracy. RSG will prepare a Manager’s Supplement Form for use in this review and attachment to every PDQ.

- **Collect all PDQs and Supplements.** The District’s Administration/Human Resources Department will be responsible for collecting and accounting for completed forms, ensuring 100 percent participation from employees below department managers.

- **RSG Review of PDQs.** The consulting team will perform initial readings and reviews of completed PDQs. Notes will be documented where additional job content information or clarification will be needed. Consultant team meetings and discussions will be conducted to aggregate and integrate initial input and notes.

- **Employee Job Analysis Interviews.** RSG will work with District management to agree on a schedule of regular employee interviews by classification. We will conduct individual or same-class group interviews with all regular employees.

- **Department Manager Interviews.** RSG will interview each department manager to gain input on job responsibilities and to enable preparation of management job specifications.

- **Prepare Preliminary Classification Plan Findings and Recommendations for Improvement.** RSG will evaluate all data gathered through management meetings, position description questionnaires, manager supplement forms and job analysis interviews and develop preliminary findings and conclusions on WRD’s classification plan.

In making our analyses, we will utilize the following general order of classification process thinking:

1. The first order of analysis is to categorize jobs by the type of work and associated competencies, e.g., professional engineering, accounting technical support, governmental affairs, etc. Care will be taken to separate out any hybrid or mixed jobs for in-depth analysis.

2. Analysis of job content data on the various classification factors will reveal clearly identifiable clusters of positions within an occupational discipline that represent different job levels, ranging from entry level to advanced journey level.
In large organizations, there may be five or more such clusters of differing job responsibility levels. And, there will most likely be clusters at every possible job level. In smaller organizations such as WRD, there may be only two or three levels such as entry, journey and manager or other work configurations based on size of operations and other organizational design decisions.

Each WRD position will be examined in terms of the definition of a class: Are the duties and responsibilities of this position sufficiently similar to others in the group or the existing class so that the same title, job requirements, selection procedures and pay range are appropriate?

If a new class appears to be required, the final test is whether the class can be defined in writing so that both managers and employees can identify its distinguishing characteristics from other classes in the same series or related series.

We will be examining the extent to which classes appropriately reflect the duties and responsibilities of current positions and are effectively grouped into class series reflecting:

- Natural progressions in the size and complexity of jobs.
- Specificity of breadth (both horizontal and vertical) in job classes designed to meet WRD’s classification philosophy and overall organizational objectives.
- Expanded career ladders, where appropriate.
- Any other objectives, constraints or limitations identified by management during our planning phase.

Through a series of analytical steps, RSG will map a set of recommendations to improve the accuracy, practicality and usefulness of the District’s classification plan.

- **Present Preliminary Classification Plan Recommendations.** RSG will meet with District management to review our findings, alternatives considered and preliminary classification plan improvement recommendations, with rationale. These recommendations will include a new master classification structure and allocation of positions into classes. RSG will incorporate any District input deemed appropriate into our recommendations.

- **Prepare Draft Job Specifications.** After resolving any issues on our classification thinking to-date, RSG will prepare new or updated job specifications for all proposed classes. These specifications will contain all appropriate job content information, note distinguishing characteristics, outline alternatives for meeting minimum qualifications, and comply with ADA requirements. Additionally, RSG will confirm or recommend an appropriate FLSA designation for each classification.

We will provide draft specifications for review by WRD management. We will incorporate District feedback into specification content, as appropriate, and finalize the drafts.
- **Notify Employees of Classification Recommendations.** RSG will work with the Manager of Administration & HR to develop a set of written materials that will effectively communicate the consultants’ classification recommendations and provide a draft copy of the pertinent class specification to all employees. Further, we will provide the District with our suggestions for an effective process whereby employees may submit “requests for reconsideration” of our classification recommendations, and the process that should be used for resolution of any such requests.

- **Finalize the New Classification Plan.** At the conclusion of this phase, RSG will finalize and document all classification plan elements. Final job specifications will be delivered in hard copy and electronically.

**PHASE C – MARKET TOTAL COMPENSATION SURVEY**

This project phase will result in an accurate survey of current base salary and employee benefit practices among an appropriate group of public sector agencies that represent the employment market in which WRD competes for human resources. This phase encompasses two major steps:

- **Prepare and Gain Agreement on the Compensation Survey Plan.** With the input gained from management discussions/meetings, combined with RSG’s decades of compensation consulting experience, our Project Manager will develop and formally document a recommended *compensation survey plan*. We will present this plan to WRD management for concurrence or modification.

We envision the Survey Plan would address the following issues:

- The principles and theories behind compensation surveying.
- A discussion of WRD’s competitive employment markets.
- A discussion of needed survey size to achieve *statistical relevance* of the resulting gathered data, plus the need to find a sample of employers that *accurately reflects the greater market* represented by the sample.
- RSG’s specific recommendations, with rationale, for the survey comparators to be utilized.
- RSG’s thinking on the WRD *benchmark* jobs to utilize for salary survey comparisons, and our logic behind the selected classes.
- The salary survey *data-gathering methodology* we will utilize and how it will produce the most accurate job comparisons.
- The benefit data-gathering methodology.
- Timeline for completion of the survey and compilation of the market data.
Lastly, we will want to initiate dialog on the District’s compensation philosophy. This dialog will also continue throughout Phase D.

- **Carry Out the Approved Survey Plan.** With an agreed-upon plan, we will conduct the survey. We want to make clear that RSG does not collect salary survey information by putting together a survey questionnaire and forwarding it to organizations we wish to have participate. We have found that asking staff members in the different survey agencies to perform benchmark job matching and provide comparable salary data often results in a less-than-accurate set of survey results. Additionally, this approach is usually not very timely.

Therefore, RSG’s approach is to obtain complete salary structures, organization charts, operating budgets and classification plans from the comparison agencies and perform benchmark job matching and salary comparisons ourselves, building an accurate survey database for each of WRD’s benchmark classifications.

After survey data has been collected and compiled, RSG will identify and document the competitive pay practices for benchmark classes in this labor market sample. Base salary data sheets will be prepared for each survey benchmark that display the survey participants where comparable jobs/classifications were identified and each agency’s corresponding salary practice.

Additionally, RSG will compile comparative information on each surveyed agency’s employee benefits and an overall prevalence of benefit practice exhibit.

Survey results will be thoroughly documented in tables, charts and exhibits. We will compare WRD’s current salary ranges and benefits practices to survey data and present our findings for discussion with the District’s management team.

**PHASE D – SALARY PLAN DESIGN**

WRD needs a salary structure with salary ranges that are aligned with organizational mission and goals, designed with modern/progressive compensation thinking, conducive to effective administration of individual salaries, equitable across District departments, appropriately competitive in the labor market, motivating to employees while promoting productivity, and realistic within the agency’s fiscal resources. RSG’s consultants will assist WRD in achieving these objectives through the following tasks:

- **Competitive Analysis.** As discussed in the previous phase, the consultant team will conduct a thorough competitive analysis of the District’s current pay structure and will prepare exhibits that display our findings and conclusions. We will meet with management to discuss these findings and their implications.

- **Internal Classification Relationship Analysis.** The consultant team will employ both “whole job” ranking and quantitative job measurement to evaluate and compare all WRD classifications based on their intrinsic job content and relative worth. Our judgement on internal hierarchical relation-
ships will be documented, reviewed with management, and will serve as our internal equity template as we make recommendations on salary grade allocations for all positions.

- **Design an Improved Salary Structure/Schedule.** Incorporating all the information and data derived in previous study steps — internal class relationship analyses, external market comparisons, best practices in progressive agencies, and management’s compensation philosophy — RSG will model and design the optimum base salary plan for WRD.

- **Allocate Classifications to Salary Grades/Ranges.** The consulting team will develop recommended salary range assignments for all regular and management positions based on the classification and compensation information assembled/compiled in the study. We will present salary range allocation recommendations that integrate external market comparisons, internal class relationship equity, career progression patterns, and WRD’s overall compensation program objectives. We will ensure that salary recommendations for class series reflect internal value comparisons to other class series.

- **Present the New Structure and Class Allocation Recommendations.** RSG will review our salary schedule and range allocation recommendations with management and present any recommendations for improvements in salary administration identified by the consultants. RSG will outline an implementation and maintenance strategy we believe will be most effective, and assist WRD in performing a cost analysis of the new salary plan.

**PHASE E – REPORT DOCUMENTATION AND PRESENTATIONS**

To conclude the study, RSG will document study methodology, findings and final recommendations for each phase into a Classification & Compensation Study Report. We will develop alternative strategies for presenting study results to the regular employee bargaining unit representatives. RSG will present the final report and strategies to WRD’s Board of Directors.

**ASSISTANCE NEEDED FROM DISTRICT STAFF**

RSG will need WRD management/staff support in the following areas:

- Assemble background materials for the consultant team.
- Schedule meetings.
- Coordinate the logistics for employee orientation meetings.
- Print and distribute PDQs; upload electronic PDQ form.
- Collect, account for, copy and categorize completed PDQs and supplements.
- Develop an efficient schedule of employee job analysis interviews; notify interviewees.
- Participate in classification “appeals” process.
- Prepare cost analysis of final compensation recommendations.
Section IV: Project Schedule

Based on the District’s desire to initiate the study in mid-to-late November, we have developed the following preliminary timeline:

<table>
<thead>
<tr>
<th>Project Elements</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phase A: Project Planning and Orientation</strong></td>
<td></td>
</tr>
<tr>
<td>1. Initial project meetings and background data gathering; finalize project plan.</td>
<td>Late November</td>
</tr>
<tr>
<td>2. Meetings with the General Manager and department managers.</td>
<td>Late November</td>
</tr>
<tr>
<td>3. Initial communications to employees.</td>
<td>Early December</td>
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<tr>
<td><strong>Phase B: Classification Diagnostic and System Design</strong></td>
<td></td>
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<tr>
<td>1. Prepare PDQ and related forms/materials.</td>
<td>Early December</td>
</tr>
<tr>
<td>2. Conduct employee orientation meetings; distribute PDQs to employees.</td>
<td>Early December</td>
</tr>
<tr>
<td>3. Employees complete PDQs.</td>
<td>Early January ’06</td>
</tr>
<tr>
<td>4. Supervisory/management review of PDQs.</td>
<td>Mid January</td>
</tr>
<tr>
<td>5. RSG receives and reviews PDQs; District schedules employee job analysis interviews.</td>
<td>Late January</td>
</tr>
<tr>
<td>6. RSG conducts employee interviews.</td>
<td>February</td>
</tr>
<tr>
<td>7. Prepare preliminary classification plan findings/recommendations.</td>
<td>February</td>
</tr>
<tr>
<td>8. Present preliminary classification recommendations to WRD management.</td>
<td>Late February</td>
</tr>
<tr>
<td>9. Prepare draft class specifications.</td>
<td>March</td>
</tr>
<tr>
<td>10. Employee notification of classification recommendations.</td>
<td>TBD</td>
</tr>
<tr>
<td>11. HR and RSG review and resolve employee requests for reconsideration; finalize classification plan and position allocations.</td>
<td>TBD</td>
</tr>
</tbody>
</table>
Phase C: Market Total Compensation Survey

1. Prepare and gain agreement on Total Compensation Survey Plan. January
2. Collect salary and benefits survey data and documents. February
3. Conduct benchmark job matching. March
4. Compile survey database; display survey data; create comparisons and March
findings.

Phase D: Salary Plan Design

1. Conduct competitive analysis; conduct internal job-relationship analysis; March
   develop/document new salary structure and range allocation recommendations.
2. Meet with management to discuss salary and benefit survey findings and April
   conclusions. Present new salary range recommendations and related pay
   administration policies.
3. Finalize salary range recommendations and pay administration policies. April

Phase E: Report Documentation/Presentations

1. Submit final reports. April
2. Board presentation. TBD

!!!!!
Section V: RSG's Qualifications

COMPANY BACKGROUND
Reward Strategy Group, Inc. is a California corporation founded in 1987 by three principals who came together from large consulting firms. RSG has been in continuous, successful operation since its founding. The corporate offices are located in northern San Diego County, only an hour’s plus drive from WRD.

Over the past 18 years, RSG has successfully served more than 150 client organizations across all sectors and industries. In a typical year, approximately half of our consulting is with cities, counties and special districts in the western United States. It is an indicator of the value we bring to consulting engagements that dozens of organizations have retained us repeatedly over the course of many years for new projects.

The areas of expertise needed by WRD for this assignment — job analysis, position classification, market salary and benefits surveying, and improved compensation plan design — are the core specialties of RSG’s consulting practice. We have conducted comprehensive classification and compensation studies for a wide variety of both public and private sector organizations, including 20 water agencies in the western U.S. We have accrued a depth of experience in these disciplines that is equaled by few, if any, other consultants. RSG’s principals have an excellent understanding of the roles, functions and operations of water districts in California. We understand the challenges facing WRD today and the need for good managers with quality support systems (such as classification and compensation programs) to deal with the challenges effectively.

CORPORATE ORGANIZATION CHART
The District’s RFP requested a corporate organization chart, which is displayed on the following page.
RSG has intentionally remained a small, exclusive consultancy. A core value, upon which the firm is founded, has been to dedicate only senior, highly experienced professionals to every client assignment. We offer no products or commodities — only the acumen, problem-solving skills and professional craft of very seasoned consultants.
Section VI: RSG’s Project Team

WRD PROJECT STAFFING

RSG will dedicate four professionals to the District’s study. Summary biographies for these four team members are provided later in this section.

Allan Crecelius – Project Manager
Sandra Comrie – Project Consultant
Robert Zieminski – Consulting Actuary
Shannon Comrie – Project Consultant

Together, this highly qualified and experienced project team will conduct a rigorous, fact-based study of current classification and compensation plans, and provide WRD with useful, practical improvements to both programs.

PROJECT TEAM ROLES

Project Manager – Allan Crecelius will be fully involved in all aspects of the classification pay and benefits analyses. He will lead RSG’s interactions with WRD’s General Manager and management team. He will plan, assign and oversee the work of each project team member and ensure the quality and timeliness of RSG’s deliverables. Mr. Crecelius is a subject-matter expert on compensation plan design and administration. His consultative leadership will result in competitive and effective pay and benefit programs.

Project Consultants –

Sandra Comrie will provide key consulting services in the classification phase and the benefits surveying and plan analysis phase. She is a subject-matter expert on classification theory and practice. Her involvement on the team will ensure the development of innovative classification structures and career ladders. Also, as the former Chief Operating Officer of a national employee benefits consulting firm, Ms. Comrie will provide direction and leadership to the benefits portion of the study.

Robert Zieminski, FSA, is RSG’s Consulting Actuary. He will participate in benefit plan data analysis/valuation.

Shannon Comrie will assist the other project team members in the market survey phase of the study. She will gather, input and array salary and benefit plan data from comparison organizations, and manage our survey database.
CONSULTANT BIOGRAPHIES

Allan Crecelius is the President of Reward Strategy Group. He has 27 years of experience in management consulting with special expertise in all forms of compensation plan design. His consulting projects have ranged from studies for Fortune 500 companies to engagements with small or emerging enterprises. He has significant experience across a number of industry sectors, including financial, technology, utility, service, not-for-profit, and governmental. He has worked with executives, managers, boards of directors and elected officials in more than 160 organizations. Mr. Crecelius is sought out as a thought leader and expert resource on executive and staff compensation plan design.

Prior to becoming RSG’s President in 1987, Mr. Crecelius was the Managing Partner—Western Region for Sibson & Co., Inc., a nationally recognized compensation consulting firm. With Sibson, he was responsible for managing staff in four offices and leading the firm’s consulting practice in executive compensation and organization effectiveness. Previously, Mr. Crecelius was the Vice President—General Consulting for the Hay Group, an international human resources consulting firm.

Mr. Crecelius received a Bachelor of Science degree from the United States Military Academy at West Point in 1968 and served as an officer in the U.S. Army for 10 years, holding key leadership positions in both combat and peacetime. He is listed in “Who’s Who in the West” and is frequently retained as a speaker in national/regional symposiums on planning, organization and compensation issues. He is the author of a number of articles and the co-author of the 1994 book, Strategic Management—Creating Your Organization’s Future.

Sandra Comrie, RSG’s Executive Director, has been with the firm for over 13 years. She has advised and served both large and small clients, with employee populations in the tens of thousands down to staff levels of under 100. Her counsel is valued by pacesetting firms as well as smaller, niche enterprises. Her client projects have involved the disciplines of strategic planning, organization design, job analysis and position classification, compensation, performance management and board governance effectiveness.

Ms. Comrie is a leading authority in the area of position classification within governmental employers. Over the past two years, she has been retained by the Southern California Personnel Management Association to develop and deliver a state-of-the-art series of training programs on job analysis and position classification. Ms. Comrie’s expertise and insights on this subject matter have been well received by hundreds of attendees from state and local governments throughout Southern California.

Before joining RSG, Ms. Comrie was the Chief Operating Officer for a nationally recognized corporate health care and employee benefits consulting firm. Ms. Comrie was recruited into this position from the top human resources executive position in Transamerica Life Companies, where she developed, implemented and managed a full spectrum of HR programs/processes for 5,500 employees.
Before joining Transamerica, she was with the City of Los Angeles for 22 years, the final seven as their Assistant General Manager—Personnel.

Ms. Comrie is a 1962 graduate of the University of California—Los Angeles, and later completed UCLA’s Anderson School Executive Business program. In 1983, she became President-Elect and in 1984 the President of the International Personnel Management Association, providing distinguished leadership of this professional organization. Ms. Comrie has also served on a number of nonprofit boards of directors, including the Los Angeles Urban League and the Foundation for Employment and Disability. She has published several articles on effective human resources management practices, and is the co-author of two books: Strategic Management—Creating Your Organization’s Future and Human Resources Policies—Structuring Staff Guidelines for Your Organization.

Robert Zieminski, FSA, is RSG’s Consulting Actuary, responsible for directing benefit survey data gathering and for all technical analysis and plan design on qualified and nonqualified retirement plans. He has been a Fellow of the Society of Actuaries for 30 years. His background includes senior positions with national employee benefits consulting firms, partnership in a Big Five accounting firm, and a variety of actuarial assignments for a major insurance company.

Shannon Comrie joined our firm five years ago after working as a human resources analyst in Avery Dennison, attending Loyola Marymount Law School and graduating from Texas Christian University with a BA in psychology. Ms. Comrie has worked on more than 30 client projects involving job analysis and documentation, compensation and benefits surveying, salary structure development, pay plan policy development and performance appraisal system design.
Section VII: RSG's References

Over the past 18 years, RSG has been retained by more than 150 public and private sector organizations to assist them in improving their position classification and/or compensation programs. *Every single one* of these engagements has been successful, i.e., our recommendations were adopted and implemented. Our success is founded on the *thoroughness* of our processes, the *breadth* of our job analysis/classification experience, the *accuracy* of our market survey methodology and resulting data, and the *technical expertise* with which we employ the classification/compensation information.

The District’s RFP requested at least five client references; organizations that have retained RSG for the same consulting services being proposed for WRD.

- **Las Vegas Valley Water District.** RSG conducted the initial comprehensive classification and compensation study for this agency in 1994–95. Since then, our firm has been the sole adviser to LVVWD management on all classification and compensation matters. We provide professional services annually with budgets between $50,000 and $100,000.
  
  1001 South Valley View Blvd., Las Vegas, NV 89107  
  Client contact: Ms. Patricia Maxwell, Director–Human Resources  
  (702) 258-3113

- **Vallecitos Water District.** Earlier this year, our firm successfully completed a full cash compensation analysis and salary plan redesign for this agency.
  
  201 Vallecitos de Oro, San Marcos, CA 92069-1453  
  Client contact: Mr. Len Caudle, Director–Human Resources  
  (760) 744-0460

- **City of Oxnard – Water Department.** An ongoing classification and compensation study exclusively for the City’s water utility.
  
  300 West Third Street, Oxnard, CA 93030  
  Client contact: Ms. Rachel Shaw, Director–Human Resources  
  (805) 385-7596

- **Valley County Water District.** RSG performed a full classification and compensation study for this smaller water district.
  
  14521 Ramona Blvd., Baldwin Park, CA 91706  
  Client contact: Mr. Mark Grajeda, General Manager  
  (626) 338-7301, ext. 100
- Rancho California Water District. RSG has performed *multiple* classification, compensation, benefits, and organizational effectiveness assignments for this District over the past six years.

   42135 Winchester Road, Temecula, CA 92590
   Client contact: Ms. Pat O'Neil, Human Resources Manager
   (951) 296-6929

- Helix Water District. Comprehensive classification and compensation studies.

   7811 University Ave., La Mesa, CA 91941-4927
   Client contact: Ms. Sue Fox, Senior Human Resources Analyst
   (619) 667-6262

- City of Moreno Valley. Organization-wide classification study in progress.

   14177 Frederick Street, Moreno Valley, CA 92552
   Client contact: Ms. Denese Wilson, Director - Human Resources
   (951) 413-3043
Section VIII: Project Cost

Based on the scope of work and the study approach (discussed in Sections II and II), Reward Strategy Group will perform this engagement for professional fees and expenses that do not exceed $29,250.

Current billing rates for project team members:

- Allan Crecelius ............... $180 per hour
- Sandra Comrie ............... $180 per hour
- Robert Ziéminski ............. $170 per hour
- Shannon Comrie ............. $95 per hour

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Section IX: Sample Job Specification

The following pages illustrate a job specification RSG created during another classification assignment.
CLASSIFICATION
Planning Manager

GENERAL PURPOSE
Under general direction, plans, organizes, integrates and directs the activities and work of professional and technical staff engaged in water facilities and operational planning for the District; represents the District in negotiations with developers on water facilities development and cost sharing arrangements; and performs related duties as assigned.

DISTINGUISHING CHARACTERISTICS
Planning Manager is responsible for planning, coordinating, managing, integrating and directing the work of professional and technical staff responsible for short- and long-term facilities and operational planning for the District, as well as planning activities in support of SNWA facilities development and operations. The incumbent is responsible for managing and conducting negotiations with developers to ensure their equitable participation and cost sharing in projects to meet District capacity, operating pressure and fire flow requirements. Supervision of functions and staff is exercised either directly or through subordinate supervisors. Assignments are typically received in the form of general instructions and objectives and work is reviewed through conferences, report analysis and program results.

ESSENTIAL DUTIES AND RESPONSIBILITIES
The duties listed below are intended only as illustrations of the various types of work that may be performed. The omission of specific statements of duties does not exclude them from the position if the work is similar, related or a logical assignment to the class.

Plans, organizes, controls, integrates and evaluates the work of the Planning division; with subordinate supervisors and staff, develops, implements and monitors long-term plans, goals and objectives focused on achieving the department’s mission and assigned priorities; participates in the development of and monitors performance against the annual division budget; manages and directs the development, implementation and evaluation of plans, policies, systems and procedures to achieve annual goals, objectives and work standards; manages and directs the development and implementation of engineering planning and development standards and priorities.

Plans and evaluates the performance of supervisors and staff; establishes performance requirements and personal development targets; regularly monitors performance and provides coaching for performance improvement and development; recommends compensation and provides other rewards to recognize performance; takes disciplinary action up to and including termination to address performance deficiencies, in accordance with District personnel policies and labor contract provisions.
Provides leadership and works with division supervisors and staff to develop and retain highly competent, customer service-oriented staff through selection, compensation, training and day-to-day management practices which support the District’s and the Department’s mission, objectives and values regarding team building and employee empowerment; applies process improvement and quality management principles in assigned areas of responsibility.

Directs preparation of a variety of studies and reports relating to current and long-range District capital improvements and expansion of existing facilities and development of specific proposals to meet them; directs preparation of capital improvement master plans for new distribution system facilities, including pumping stations, reservoirs and pipelines, with consideration to water quality implications; determines required project capacity, location, phasing and system need date; determines remaining systems capacity available to support new development; establishes guidelines and procedures for utilization of computer equipment to model and simulate performance of the District’s distribution system.

Manages the analysis of existing and proposed development demands; directs the development of facilities/system planning recommendations, including major capital improvement projects, sizing, location, phasing and system need date, to meet District and SNWA system expansion requirements; manages or participates in complex and sensitive negotiations with developers to gain agreement on cost sharing for new major water facilities to meet current and future operating pressure, water quality and fire flow requirements; performs final review and authorizes developer agreements pertaining to major facility design and construction cost sharing; signs Conceptual Criteria documents for facilities projects, including reservoirs, pumping stations and major pipelines; leads multi-departmental teams to develop and refine details for new facilities projects.

Through subordinate supervisors, monitors, coordinates, evaluates and provides quality assurance to the development review process, including approval of developer plans and hydraulic analyses; ensures that service to existing customers is not compromised by addition of new development demands to the distribution system and that adequate operating pressure, water quality and fire flow are available; coordinates with developers, consultants and outside agencies on project plans; evaluates, makes recommendations and answers developer questions regarding requirements for service to future developments.

Through subordinate supervisors, oversees and monitors the resolution of distribution system operational problems, such as low water pressure or pump performance; manages and coordinates with LVVWD Operations the development of system operating strategies and pumping schedules to meet customer needs and water quality standards while minimizing energy costs; manages development of recommendations for emergency operating strategies for response to a wide variety of potential system emergencies; oversees distribution system water quality modeling for use in responding to system contamination incidents, troubleshooting water quality problems, anticipating future water quality performance issues and determining appropriate sampling locations.
Manages facility and operational planning for current and proposed future recycled water systems; oversees complex engineering analyses and planning processes to ensure successful and cost-effective development and operation of recycled water systems.

Manages system planning and development projects for rural and small systems serviced by the District; evaluates and approves master plan reports submitted to the state.

Through subordinate supervisors, monitors, evaluates and provides quality assurance for the development and maintenance of the Planning division’s database, including hydraulic models, facility tables, files and maps; monitors and oversees the flow monitoring program; monitors the evaluation and selection of Planning division hydraulic software.

Provides technical assistance to staff; keeps informed and up-to-date on current waterworks design and construction techniques and changes in codes and regulations; works with contractors, engineers, architects, outside agencies and others to resolve unusual engineering problems.

Ensures the maintenance of detailed records of division activities, findings, and results; ensures the timely and accurate completion of all required topographic and construction engineering surveys.

OTHER DUTIES
Coordinates Planning division and Resources Department requirements within the District; participates in development of District policy, procedures, standards and requirements.

May sign and seal technical documents being sent to outside entities.

DESIRED MINIMUM QUALIFICATIONS

Knowledge of:
Principles and practices of civil and hydraulic engineering, design and construction as they pertain to a water system; federal, state and local codes and regulations governing public works and building construction pertaining to a water system; trends, approaches and problem-solving techniques used in water works engineering and inspection and compliance processes; engineering principles and practices applicable to the design and development of recycled water systems; modern methods of construction and structural design concepts; techniques, equipment and materials used in water works construction projects; principles and practices of effective management and supervision; the District’s personnel policies and labor contract provisions.
Ability to:
Plan, organize, assign, review and evaluate the work of professional, technical and administrative support staff; train staff in work procedures and provide for their professional development; prepare, administer, and monitor a division budget and anticipate future budgetary needs; make persuasive oral presentations of ideas and recommendations; interpret and apply complex rules, regulations, laws and ordinances; provide technical assistance and staff leadership on all aspects of the division’s function; analyze technical design engineering, construction engineering, and surveying problems, evaluate alternative approaches, and adopt effective solutions; prepare detailed written material, including staff and administrative reports analysis of policies, proposed code amendments, and changes to established programs and policies; exercise sound, independent judgment and initiative within established guidelines; establish and maintain effective working relationships with other divisions, departments, representatives of SNWA member agencies, developers and others encountered in the course of the work.

Training and Experience:
A typical way of obtaining the knowledges, skills, and abilities outlined above is graduation from a four-year college or university with major course work in civil engineering; and ten years of professional engineering experience, including experience in a water utility, with at least four years of water facility planning experience in a supervisory or project leadership capacity; or an equivalent combination of training and experience.

Licenses; Certificates; Special Requirements:
A valid certificate of registration as a Professional Engineer issued by the State of Nevada.

A valid Nevada driver’s license and the ability to maintain insurability under the District’s Vehicle Insurance Policy.

PHYSICAL AND MENTAL DEMANDS
The physical and mental demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this class. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Physical Demands
While performing the duties of this job, the employee is regularly required to sit; talk or hear, both in person and by telephone; use hands to finger, handle, feel objects or controls; and reach with hands and arms.

Specific vision abilities required by this job include close vision, color vision, depth perception and the ability to adjust focus.
Mental Demands
While performing the duties of this class, the incumbent is regularly required to use written and oral communication skills; read and interpret data, information and documents; analyze and solve complex problems; use math/mathematical reasoning; perform highly detailed work under changing, intensive deadlines, on multiple concurrent tasks; work with constant interruptions, and interact with officials and the public.

WORK ENVIRONMENT
The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this class. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The employee usually works under typical office conditions where the noise level in the work environment is quiet. The employee may occasionally be required to work in outside conditions, exposed to wet and/or humid conditions, where the noise level may be loud.
DATE: JANUARY 11, 2006

TO: ADMINISTRATIVE COMMITTEE

FROM: ROBB WHITAKER, GENERAL MANAGER

SUBJECT: ADMINISTRATIVE CODE REVISIONS

SUMMARY
The following sections of the Administrative Code will be presented and discussed at the meeting:

Attachment A: Section 14. Employee Benefits - Final reconciliation of language in the Administrative Code and MOU.

Attachment B: Section 9.1. Authority and Duties of General Manager; Section 13.2.5. Travel Expenses. Discussion regarding conflicting wording related to approval for staff travel outside the district’s service area.

At the meeting, staff expects to present the Committee with proposed language for the Administrative Code addressing the use of District Counsel.

FISCAL IMPACT
None.

STAFF RECOMMENDATION
Discuss any Administrative Code revisions and recommend the Board consider adoption of any such revisions as recommended by the Committee.
14. EMPLOYEE BENEFITS

14.6 Continuation of Medical and Dental Benefits
Medical and dental benefits shall continue to be provided on the following terms to the following persons, so long as the insurance policy permits such coverage. This benefit shall only apply to employees who commenced employment with the District on or before December 20, 2001.

1. All retired employees of the District and their dependents, as defined by the District's then current insurance policy, where the employee had at least twelve years of service with the District and has reached age 55 at the time of his or her retirement from the District;

All retired employees of the District and their dependents, as that term is defined by the then current insurance policy, where the employee had commenced employment on or before December 20, 2001 and where the employee had at least twelve years of service with the District at the time of his or her retirement. Receipt of benefits shall commence no sooner than when the retired employee reaches age 55.

All retired employees of the District and their dependents, as that term is defined by the then current insurance policy, where the employee had commenced employment after December 20, 2001 and where the employee had at least twelve years of service and had reached age 55 at the time of his or her retirement.

2. All former Directors and their dependents as defined by the District's then current insurance policy, who served as Directors for a minimum of twelve years and who first assumed office prior to January 1, 1995;

3. All other former Directors and their dependents, as defined by the District's then current insurance policy, provided the Director and/or other beneficiary pay the premiums for such coverage.

14.9 Medical Expense Reimbursements

14.9.1 Eligibility

The following persons are eligible for the medical expense reimbursement program:

1. All full-time employees and current Directors of the District and their dependents, as that term is defined by the then current insurance policy.

2. All retired employees of the District and their dependents, as that term is defined by the then current insurance policy, where the employee had at least twelve years of service with the District and has reached age 55 at
the time of his or her retirement from the District for employees who
commenced employment on or before December 20, 2004.

All retired employees of the District and their dependents, as that term is
defined by the then current insurance policy, where the employee had
commenced employment on or before December 20, 2001 and where the
employee had at least twelve years of service with the District at the time
of his or her retirement. Receipt of benefits shall commence no sooner
than when the retired employee reaches age 55.

All retired employees of the District and their dependents, as that term is
defined by the then current insurance policy, where the employee had
commenced employment after December 20, 2001 and where the
employee had at least twelve years of service and had reached age 55 at
the time of his or her retirement.

3. All retired Directors who served as Directors for a minimum of twelve
years and who first assumed office prior to January 1, 1995, and their
dependents, as that term is defined by the then current insurance policy.

14.9.2 Covered Expenses

The following expenses are reimbursable:

1. Medical Services: The District will pay for non-covered medical and
dental expenses for eligible persons, provided, however, that
reimbursement for any Director or employee shall not exceed the
calendar year allotment authorized by the Board of Directors.

Effective with calendar year beginning January 1, 2005,
reimbursement shall not exceed $5,000 for any eligible Director or
employee, and shall not exceed $3,000 per eligible dependent during
the calendar year. The amount shall be paid either directly to the
medical service provider or reimbursed to the Director or employee
after payment by the Director or employee. Satisfactory proof of
entitlement shall be furnished.

Effective with calendar year beginning January 1, 2006 and each
calendar year thereafter, the $5,000 calendar year allotment for
eligible Directors and employees and the $3,000 calendar year
allotment per eligible dependent shall be increased by an amount
equal to the November/November (published about December 15)
change in the medical Care Services Index. The methodology for
determining the annual change in the Medical Care Services Index
shall be the same methodology that is currently used for determining
annual cost of living salary increases. The resulting calculations shall
be rounded to the nearest whole dollar.

2. **Eye Care**: The District will reimburse each eligible Director and full-time employee, in a total amount not to exceed $1,000 per calendar year, for actual expenses incurred by the Director or employee, or their dependents for eye diagnosis, treatment or care, including prescription glasses and lenses. Such reimbursement will not apply to any expense to the extent covered by any insurance paid for by the District or covered by Worker’s Compensation.

   Effective with calendar year beginning January 1, 2006 and each calendar year thereafter, the $1,000 calendar year allotment for eye care related expenses shall be increased by an amount equal to the November/November (published about December 15) change in the Medical Care Services Index. The methodology for determining the annual change in the Medical Care Services Index shall be the same methodology that is currently used for determining annual cost of living salary increases. The resulting calculation shall be rounded to the nearest whole dollar.

3. **Long –Term Care Insurance**: The District will reimburse eligible Directors, employees and dependents for long-term care premiums subject to Internal Revenue Service and State tax regulations.

   The benefits provided under this Section 14.9.2 are not designed nor intended to augment Director or employee income. For this reason, the parties agree to work on such additional criteria as may be necessary to prevent excesses in medical expense reimbursement. The criteria to be established shall prohibit reimbursement in all cases where the Internal Revenue Service would treat the reimbursement as income to the Director or employee. In all cases presented by the Director or employee, an “explanation of benefits” sought by the Director or employee shall be provided under the signature or recommendation of the medical professional recommending the treatment, medication or care.
9. DISTRICT MANAGEMENT

9.1 Authority and Duties of General Manager

The General Manager shall have the authority to manage the day-to-day affairs of the District, including, but not limited to, the designation of job titles and determination of the duties of all District employees, the hiring and terminating of employees, the taking of disciplinary action against employees, the authorization of travel for employees outside the District, and creating office policy.

Notwithstanding the foregoing, the General Manager shall not make organizational changes at the District without first presenting the proposed organizational changes to the Board for review and approval.

The General Manager shall have authority to recommend for Board approval salary ranges for each employee of the District, and the Board shall periodically set salary ranges. The General Manager shall have the authority to periodically set salaries within such approved salary ranges, based upon criteria established by the General Manager and approved by the Board.

13.2 REIMBURSABLE EXPENSES

13.2.5 Travel Expenses

The Board of Directors should pre-approve requests for out of state travel. The Board may retroactively approve out of state travel based on difficult or unexpected circumstances.

The District’s policy concerning reimbursement for travel expenses varies depending whether the destination is within or outside the “local area” and whether an individual receives or elects to receive a vehicle allowance. For purposes of this Policy, “local area” includes all of Los Angeles and Orange Counties, and those portions of Riverside and San Bernardino Counties located south of the San Gabriel Mountains and/or west of the San Bernardino Mountains.

Directors who do not elect to receive a monthly vehicle allowance pursuant to Section 7.1 of this Code and all employees who do not receive a monthly vehicle allowance may be reimbursed for travel within
the "local area". Reimbursement shall be for actual mileage at the current maximum allowance per mile rate established by the Internal Revenue Service for authorized use of privately-owned vehicles in the conduct of District Business.

Directors who do not elect to receive a monthly vehicle allowance pursuant to Section 7.1 of this Code and all employees who do not receive a monthly vehicle allowance may be reimbursed for travel outside the "local area," including travel by personal automobile instead of by air travel. Reimbursement shall be limited to expenses not exceeding 14-day advanced purchase round trip standard coach airfare, plus ground transportation.

Actual expenses for ground transportation to and from airports and while attending to District business shall also be reimbursed. Ground transportation shall include taxi, bus fare or standard automobile rental. No reimbursement shall be provided for charges incurred due to the inclusion of personal loss insurance coverage i.e., loss damage waiver, supplemental liability, personal effects, uninsured or underinsured motorist) in a car rental agreement.
DATE: JANUARY 11, 2006
TO: ADMINISTRATIVE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: DEFERRED COMPENSATION

SUMMARY
On November 3, 2004 the Board took action modifying the matching deferred compensation program. Since that time, Prudential has revised its standard plan documents in an effort to provide clarity and to add language as a result of regulatory changes.

Staff has revised WRD’s plan documents to reflect the Board’s November 3 action and to update the documents as recommended by Prudential representatives. The revisions affect the 401(a) Plan Adoption Agreement, the 457(b) Plan Adoption Agreement, and the 457(b) Specimen Governmental Plan. A summary of the revisions is attached for the Committee’s review.

Staff will review the changes with the Committee at the meeting and will provide the Committee with a recommendation as to whether the revisions to the documents will require Board action.

FISCAL IMPACT
None.

STAFF RECOMMENDATION
Receive summary of changes to plan documents.
401 Plan Adoption Agreement
(summary of revisions)

1. CURRENT LANGUAGE - Section B2 and B6 – Employer Information
   Contact telephone number: 562-407-1904 (Pam)
   Trustee(s): Scott Ota, Pamela Wareham, Robb Whitaker

   NEW LANGUAGE
   Contact telephone number: 562-407-1930 (Tina)
   Trustee(s): Scott Ota, Tina Graham, Robb Whitaker

2. CURRENT LANGUAGE: Section C1 – Effective Date
   Constitute an amendment and restatement in its entirety of a previously
   established qualified Plan of the Employer, which was effective February 1, 2004
   (hereinafter called the “Effective Date”). Except as specifically provided in the
   Plan, the effective date of this amendment and restatement is March 17, 2004.

   NEW LANGUAGE
   Constitute an amendment and restatement in its entirety of a previously
   established qualified Plan of the Employer, which was effective February 1, 2004
   (hereinafter called the “Effective Date”). Except as specifically provided in the
   Plan, the effective date of this amendment and restatement is February 1, 2004.

   EXPLANATION
   The original document was approved on February 1, 2004. An
   amendment to the document adding the matching program was approved on
   March 17, 2004. The Effective Date should have remained February 1, 2004
   because the amendment did not entirely change the plan. The February 1, 2004
   entry in the new document simply corrects an error in the document that was
   adopted March 17.
3. CURRENT LANGUAGE: Section E2, a. Fixed Employer Match of Participant Contribution

A matching contribution equal to 1._ ___ % or 2. _ _ $0.50 _ of each Participant’s $1.00 contribution to the 3. (name other plan) Water Replenishment District of Southern California IRC Section 457 Deferred Compensation Plan, up to a maximum Employer Contribution of ______% or $5,000.

NEW LANGUAGE

A matching contribution equal to 1. ______ % or 2. ___ _ $0.50 _ of each Participant’s $1.00 contribution to the 3. (name other plan) Water Replenishment District of Southern California IRC Section 457 Deferred Compensation Plan and to the Water Replenishment District of Southern California Incentive Retirement Deferred Compensation (IRC Section 401 (a)) Plan, up to a maximum Employer Contribution of ______% or $10,000.

EXPLANATION

Correction to the original language to include 401 plan contributions as eligible for the matching program and increased the maximum match to $10,000 per Board action of November 3, 2004.

4. CURRENT LANGUAGE: Section E3, b. Participant Contributions.

……(100% of compensation not to exceed $40,000 maximum) ……

NEW LANGUAGE

……(100% of compensation not to exceed the maximum annual addition as provided in Code Section 415 (d)) ……

EXPLANATION

IRS Code Section 415 (d) defines the maximum contribution that can be made to a 401 plan. The definition includes an annual cost of living adjustment. When the original document was drafted, $40,000 was the maximum contribution at that time. To eliminate the need to regularly update the maximum dollar figure, staff recommends referring to Code Section 415.
5. CURRENT LANGUAGE: Section E8, 1 & 2. Conditions for Distribution of Small Lump Sums.

1. Distributions upon termination of employment pursuant to the Plan shall not be made in a single lump sum unless the value of the terminated Participant’s Vested benefit derived from Employer and Employer contributions:

   a. ☑ does not currently exceed $5,000, or

   b. ___ does not currently or at the time of any prior distribution, exceed $________.

2. If the plan is not subject to the qualified joint and survivor rules, and includes involuntary distribution provisions, then unless one of the provisions below is checked, effective for distributions made after December 31, 2001, rollover contributions will be excluded in determining the value of the participant’s non forfeitable account balance for purposes of the plan’s involuntary distribution rules.

   a. ☑ Rollover contributions will not be excluded.

   b. ___ Rollover contribution will be excluded only with respect to distributions made after __________ (Enter a date no earlier than December 31, 2001.)

   c. ___ Rollover contributions will only be excluded with respect to participants who separated from service after __________.
      (Enter a date. The date may be earlier than December 31, 2001).

NEW LANGUAGE

1. Distributions upon termination of employment pursuant to the Plan shall not be made in a single lump sum unless the value of the terminated Participant’s Vested benefit derived from Employer and Employer contributions:

   a. ☑ does not currently exceed $5,000. In that event,

      1. Vested benefits in an amount equal to or less than $1,000 shall be distributed directly to the terminated participant, unless the terminated participant requests, in writing, a transfer to an Individual Retirement Account (IRA) or another employer sponsored qualified plan that will accept “rollover;” and,
2. Vested benefits in an amount equal to or less than $4,999.99 but greater than $1,000.00 shall be transferred directly to an IRA established for the benefit of the terminated participant unless the terminated participant requests in writing a total distribution or a transfer to an IRA or another employer sponsored qualified plan that will accept “rollovers.”

   b. ___ does not currently or at the time of any prior distribution, exceed $__________.

2. If the plan is not subject to the qualified joint and survivor rules, and includes involuntary distribution provisions, then unless one of the provisions below is checked, effective for distributions made after December 31, 2001, rollover contributions will be excluded in determining the value of the participant’s non forfeitable account balance for purposes of the plan’s involuntary distribution rules.

   a. ___ Rollover contributions will not be excluded.

   b. ___ X  Rollover contribution will be excluded only with respect to distributions made after December 31, 2005 (Enter a date no earlier than December 31, 2001.)

   c. ___ Rollover contributions will only be excluded with respect to participants who separated from service after ___________. (Enter a date. The date may be earlier than December 31, 2001).

EXPLANATION

An explanation will be provided at the meeting.
457(b) Plan Adoption Agreement  
(summary of revisions)

1. CURRENT LANGUAGE – Part I – Adopting Entity

   Employer Contact: Pamela M. Wareham  
   Contact Phone Number: 562-407-1904

   NEW LANGUAGE

   Employer Contact: Tina Graham  
   Contact Phone Number: 562-407-1930

2. CURRENT LANGUAGE – Part II – Plan Administrator

   Plan Administrator  
   Phone Number: 562-407-1904

   Plan Administrator  
   Fax Number: 562-407-1904

   Plan Administrator  
   Contact: Pamela M. Wareham

   E-mail (if available): pwareham@wrd.org

   NEW LANGUAGE

   Plan Administrator  
   Phone Number: 562-407-1930

   Plan Administrator  
   Fax Number: 562-407-1930

   Plan Administrator  
   Contact: Tina Graham

   E-mail (if available): tgraham@wrd.org
3. **CURRENT LANGUAGE: Part III – Plan Data**

4. Effective Date: (b) (ii)
The Effective Date of this amendment and restatement of the Plan is (provide date): February 19, 2004.

**NEW LANGUAGE**

4. Effective Date: (b) (ii)
The Effective Date of this amendment and restatement of the Plan is (provide date): January 1, 2006.

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4. **CURRENT LANGUAGE: Part IV – Eligibility Requirements**

5. **Eligible Employees.**

   (a) The following Employees of the Employer are eligible to participate in the Plan *(check one):*

   - [x] All employees.
   - [ ] Only the following classes of employees *(please specify):*

     ______________________________________
     ______________________________________
     ______________________________________

   - [ ] All employees other than the following classes *(please specify):*

     ______________________________________
     ______________________________________
     ______________________________________
NEW LANGUAGE

5. Eligible Employees.

(a) The following Employees of the Employer are eligible to participate in the Plan (check one):

☐ All employees.
☐ Only the following classes of employees (please specify):

________________________________________

________________________________________

X ☐ All employees other than the following classes (please specify):

________________________________________

Temporary Employees

________________________________________

EXPLANATION:

The Administrative Code and the 401(a) document specify temporary employees are not eligible to participate in the deferred compensation program. Adding language to the 457 plan document to be consistent with the Board’s policy.

5. CURRENT LANGUAGE – Part V – Elective Deferrals


(a) The Plan □ does / X does not (check one) permit Participants to contribute the value of their accumulated sick pay to the Plan.

(b) The Plan □ does / X does not (check one) permit Participants to contribute the value of their accumulated vacation pay to the Plan.

(c) The Plan □ does / X does not (check one) permit Participants to contribute the value of their accumulated back pay to the Plan.

(d) The Plan □ does / X does not (check one) permit Participants to make a special deferral election in the month in which they incur a
Severance Event to contribute accrued sick, vacation and back pay payable in the same month. This election only applies to accrued sick, vacation, and/or back pay that (1) is not payable at the time of the election and (2) is payable prior to an applicable Severance Event.

Note: Such elections may only be made in accordance with the requirements of Code section 457(b) and the regulations promulgated thereunder.

NEW LANGUAGE


(a) The Plan □ does / X does not (check one) permit Participants to contribute the value of their accumulated sick pay to the Plan.

(b) The Plan □ does / X does not (check one) permit Participants to contribute the value of their accumulated vacation pay to the Plan.

(c) The Plan □ does / X does not (check one) permit Participants to contribute the value of their accumulated back pay to the Plan.

Note: Such elections may only be made in accordance with the requirements of Code section 457(b) and the regulations promulgated thereunder.

EXPLANATION:

Section 12 (d) was removed because the wording was redundant and is included in sections (a), (b), (c).
6. **CURRENT LANGUAGE: Part IX – Distribution Options**


(b) The default method of paying benefits to a Participant shall be the distribution method available under Option ____(provide Option number) of Item 18(a).

NEW LANGUAGE


(b) The default method of paying benefits to a Participant shall be the distribution method available under Option ____(provide Option number) of Item 18(a).

Note: If an involuntarily distribution (1) results in the payment of an “eligible rollover distribution” (i.e., eligible to be rolled over to a 401(a), 403(a), 403(b), governmental 457(b) plan, or an IRA) that exceeds $1,000 (including rollover contributions), (2) occurs prior to the Participant’s Normal Retirement Date (or age 62, if later), and (3) occurs on or after the effective date listed in Item 24, the distribution will be subject to the Code Section 401(a)(31)(B) mandatory rollover rules.

EXPLANATION:

Adding informational language referencing IRS Code requirements.

7. **CURRENT LANGUAGE: Part IX – Distribution Options**

22. **Voluntary In-Service Distributions.** The Plan X does / ☐ does not (check one) permit voluntary in-service distributions when the provisions of Code section 457(e)(9)(A) permitting such distributions are satisfied.

NEW LANGUAGE

22. **Voluntary In-Service Distributions.**

(a) The Plan X does/ __ does not (check one) permit voluntary in-service distributions when the provisions of Code section 457 (e)(9)(A) permitting such distributions are satisfied.

(b) If the Plan permits voluntary in-service distributions, a Participant will be eligible to elect to receive a voluntary in-service distribution if
the value of the Participant’s Account (excluding rollover contributions) is no greater than (check one):

   □ $1,000
   □ $3,500
   X $5,000
   □ Other (please specify an amount not in excess of $5,000):

   

EXPLANATION:

An explanation will be provided at the meeting.

8. CURRENT LANGUAGE: Part IX – Distribution Options

23. Involuntary In-Service Distributions. The Plan □ does / X does not (check one) permit involuntary in-service distributions when the provisions of Code section 457(e)(9)(A) permitting such distributions are satisfied. Such distributions shall be made pursuant to a uniform procedure established by the Plan Administrator that is applied in a uniform and non-discriminatory manner.

NEW LANGUAGE

23. Involuntary In-Service Distributions.

   a. The Plan □ does / X does not (check one) permit involuntary in-service distributions when the provisions of Code section 457(e)(9)(A) permitting such distributions are satisfied. Such distributions shall be made pursuant to a uniform procedure established by the Plan Administrator that is applied in a uniform and non-discriminatory manner.

   b. If the Plan permits involuntary in-service distributions, a Participant will receive a mandatory in-service distribution if the value of the Participant's Account (excluding rollover contributions) is no greater than (check one):

   □ $1,000
   □ $3,500
   □ $5,000
   □ Other (please specify an amount not in excess of $5,000):

   

Note: If an involuntarily distribution (1) results in the payment of an “eligible rollover distribution” (i.e., eligible to be rolled over to a
401(a), 403(a), 403(b), governmental 457(b) plan, or an IRA) that exceeds $1,000 (including rollover contributions), (2) occurs prior to the Participant’s Normal Retirement Date (or age 62, if later), and (3) occurs on or after the effective date listed in Item 24, the distribution will be subject to the Code Section 401(a)(31)(B) mandatory rollover rules.

EXPLANATION:

An explanation will be provided at the meeting.

9. NEW LANGUAGE ONLY – NO CHANGE

24. Mandatory Rollovers. The Plan is subject to the Code section 401(a)(31)(B) mandatory rollover rules as of (check one):

☐ March 28, 2005
X January 1, 2006
☐ Other (please specify a date no later than the close of the first regular legislative session of the legislative body with the authority to amend the Plan that begins on or after January 1, 2006):

EXPLANATION:

This new language was added as a result of new IRS regulations.
457(b) Specimen Governmental Plan
(summary of revisions)

1. CURRENT LANGUAGE

Section 3.3 Special Rule for Accumulated Leave

To the extent provided in the Adoption Agreement, a Participant may enter into a separate Enrollment Agreement with respect to accumulated sick, vacation, or back pay, that would be payable to him or her in the month in which such election is made. This Enrollment Agreement (1) must be entered into prior to the date on which sick, vacation, or back pay would first be payable to the Participant and (2) shall only apply to amounts that would be payable to the Participant prior to his or her experiencing a Severance Event.

NEW LANGUAGE

Section 3.3 Special Rule for Accumulated Leave

To the extent provided in the Adoption Agreement, a Participant may enter into a separate Enrollment Agreement with respect to his or her accumulated sick, vacation, or back pay if (1) the Enrollment Agreement is entered into prior to the beginning of the month in which sick, vacation, or back pay would first be paid or made available to the Participant, (2) the Participant is an Employee on the date the amounts would otherwise be paid or made available, and (3) the Enrollment Agreement only applies to amounts eligible for deferral under applicable Treasury Regulations or proposed regulations that may be lied on by the Employer.

EXPLANATION:

Prudential revised the language in this section to provide clarity.

2. CURRENT LANGUAGE

Section 5.6 Unforeseeable Emergencies

(b) An unforeseeable emergency shall be deemed to involve only circumstances of severe financial hardship to the Participant or a Beneficiary resulting from a sudden unexpected illness, accident, or disability of the Participant or Beneficiary, his or her spouse, or a dependent (as defined in Code section 152(a)) of the Participant or Beneficiary, loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home
following damage to a home not otherwise covered by homeowner’s insurance, e.g., as a result of a natural disaster), or other similar and extraordinary unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary. Imminent foreclosure of or eviction from the participant's or beneficiary's primary residence, the need to pay for medical expenses (including non-refundable deductibles and the cost of prescription drug medication), and the need to pay for the funeral expenses of a spouse or a dependent (as defined in Code section 152(a)) may each constitute an unforeseeable emergency. However, the need to send a Participant's child to college or to purchase a new home shall not, of itself, be considered unforeseeable emergencies. The determination as to whether such an unforeseeable emergency exists shall be based on the merits of each individual case.

NEW LANGUAGE

Section 5.6 Unforeseeable Emergencies

(b) An unforeseeable emergency shall be deemed to involve only circumstances of severe financial hardship to the Participant or a Beneficiary resulting from a sudden unexpected illness or accident of the Participant or Beneficiary, his or her spouse, or a dependent (as defined in Code section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code sections 152(b)(1), (b)(2), and (d)(1)(B)) of the Participant or Beneficiary, loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster), or other similar and extraordinary unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary. Imminent foreclosure of or eviction from the participant's or beneficiary's primary residence, the need to pay for medical expenses (including non-refundable deductibles and the cost of prescription drug medication), and the need to pay for the funeral expenses of a spouse or a dependent (as defined in Code section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code sections 152(b)(1), (b)(2), and (d)(1)(B)) may each constitute an unforeseeable emergency. However, the need to send a Participant's child to college or to purchase a new home shall not, of itself, be considered unforeseeable emergencies. The determination as to whether such an unforeseeable emergency exists shall be based on the merits of each individual case.

EXPLANATION:

Section 201 of Working Families Tax Relief Act of 2004 (WFTRA) amended the definition of dependent in § 152, effective for taxable years beginning after December 31, 2004.
DATE: JANUARY 11, 2006
TO: ADMINISTRATIVE COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: DEPARTMENT REPORT

SUMMARY
Staff will provide an update of department activities.

FISCAL IMPACT
None.

STAFF RECOMMENDATION
For information.