

# AGENDA

## COMPENSATION COMMITTEE

MEETING OF  
WEDNESDAY, July 20, 2016, AT 1:30 P.M.  
BOARDROOM - GATEWAY

1. MEETING CALLED TO ORDER: Les Birdsall.
2. ROLL CALL: Birdsall, Adams, Fredlund
3. APPROVAL OF REPORT OF JUNE 8, 2016 (Attachment)
4. RESIDENTS' FORUM
5. OLD BUSINESS
  - a. Revised Resource Pages (Attachment)
6. NEW BUSINESS
  - a. Staff Report: Compensation Management Structure (Attachment)
  - b. Summary Report: Non-Union Health and Welfare Benefits (Attachment)
  - c. Summary Report: Non-Union Wage Adjustment (Attachment)
  - d. Summary Report: CEO Compensation Adjustment (Attachment)
  - e. Summary Report: Union Cost Increases (Attachment)
7. NEXT MEETING: Wednesday, August 10, 2016 at 1:30 p.m. in the Board Room at the Gateway complex
8. ADJOURN

If an executive session is necessary, it will be announced during the regular meeting. Executive session topics are restricted to legal, personnel, and third-party contract matters.

Attachments as Noted

cc: GRF Board

COMPENSATION COMMITTEE REPORT  
MEETING OF  
WEDNESDAY, JUNE 8, 2016, AT 1:30 PM

A regular meeting of the Compensation Committee was convened by Chair Les Birdsall, at 1:32 PM, in the Board Room at the Gateway complex.

Call to Order

Present, in addition to the Chair, were Committee members Sue Adams and Mel Fredlund. Also in attendance were Tim O'Keefe, CEO of GRF; Anthony W. Grafals, General Counsel and Director of Confidential Services; Judith Perkins, Sr. Manager Human Resources, and Marla Pascoe, HR Generalist.

Attendance

The report of the Committee's meeting held on July 8, 2015, was reviewed and approved by the Committee as presented.

Report of  
DATE 201X  
Approved

Directors Mary Lou Delpech and Ken Haley were present; neither offered any comments.

Residents'  
Forum

Chairman Birdsall offered a few comments regarding the importance of the work done by the Compensation Committee. His goal is that the actions of the Compensation Committee will help renew employee confidence in the Board of Directors.

President's  
Comments

Grafals introduced the agenda materials, with a brief description of the changes in resource materials for the Committee. Perkins reviewed the budget preparation timeline, which highlights the Committee meeting dates and duties in the context of the Board-approved budget timeline. After being moved, seconded and discussed, the Committee unanimously approved moving the July meeting from July 13 to July 20, to accommodate Director Fredlund's planned absence.

New Business  
a) Budget  
Preparation  
Timeline

Grafals introduced the Compensation Committee Resource Manual and took the Committee through the Manual. Most questions were answered as they arose. Questions and concerns to be addressed by staff on or before the next meeting include 1) changing "undertaken" on page 9 (2016 Compensation Study Executive Summary) to "begun" to underscore that the study is not yet complete; 2) clarify if the numbers on page 11 (GRF Compensation History (Excluding MOD)) are actual or budget numbers; 3) clarify the information on page 4 (Compensation Background) regarding the dental and vision plans; and 4) include the information on GRF-paid benefits offered to employees. In addition, staff was requested to provide information regarding the compensation management structure, to include the number of bands and examples of titles within each band, and to include the number of employees in each classification that were in the band, above the band and below the band.

b) Review of  
Compensation  
Committee  
Resource  
Manual

Grafals then introduced the Board-approved compensation philosophy and explained its role as the foundation for compensation and benefits decisions. The following discussion included: the philosophy is a tool used by the CEO in making compensation decisions; has a bearing on benefits offered; needs to be reviewed and affirmed by each Compensation Committee and Board at the beginning of the

c) Review  
Compensation  
Philosophy

Compensation Committee  
July 11, 2012

budget process to guide discussions. Although there were suggestions for tweaking the language, no motions were made and no votes taken.

The next meeting of the Compensation Committee will be at 1:30 p.m. on Wednesday, July 20, 2016; the location will be confirmed by email to the Committee members on Thursday, July 9, 2016.

Next Meeting

The meeting was adjourned at 2:55 pm.

Adjournment



Leslie Birdsall, Chair  
Compensation Committee

JP/m

Agenda Item: 5 a  
Subject: Revised Resource Pages  
Meeting Date: July 20, 2016

***GOLDEN RAIN FOUNDATION COMPENSATION COMMITTEE***

**Following are the revised pages of Compensation Committee Resource Manual  
as requested at the June 8, 2016, meeting.**

## 2016 Compensation Study Executive Summary

The 2016 Compensation Study has begun with the following objectives:

- Update the base salary structure (Compensation Management Structure, or CMS)
  - Competitiveness with external market
  - Cost-effectiveness
- Assure compliance with new compensation laws
- Evaluate internal equity, recommend appropriate adjustments
- Evaluate current wage adjustment process and tools, recommend appropriate changes

The study will focus on three specific departments. The positions in these departments will be evaluated and a salary structure recommended. Using these departmental analyses as benchmarks, the recommended salary structure can be generalized to the organization as a whole.

The comprehensive internal job analysis will include consideration of each job's unique functions, reporting relationships, potential impact on the organization's success, degree of supervision and other factors, all within the context of GRF's structure, size, goals, and operating objectives. This process is based on the objective, systematic application of five key factors (listed below) used to determine internal job values.

Five factors:

- Knowledge and skills required by the job
- Supervision and/or direction given to other employees
- Contacts and working relationships
- Independence of action (decision-making and problem-solving)
- Overall potential impact of the job on the organization's success

The anticipated result of the internal analysis is an overall internal job matrix that identifies the number of pay levels needed to effectively recognize and pay for differing levels of responsibility. This information, taken in conjunction with the labor market data, forms the basis of the job classification recommendations made.

The external labor market analysis will compare current GRF positions to similar jobs in multiple legitimate published compensation surveys. It is important to note that these matches will be based on job content and level of responsibility, not solely on job titles. Wherever possible, a minimum of three different surveys plus one to three different data cuts based on relevant scope factors are used to develop the analysis. The final report will include base pay, total cash compensation data (weighted average, median/50<sup>th</sup> percentile, 25<sup>th</sup> & 75<sup>th</sup> percentile) and reported incentive pay.

Recommended pay guidelines will indicate the wages and salaries GRF should pay fully competent, fully performing employees in these positions in order to be competitive and internally equitable.

## Compensation Background

### COMPENSATION COMMITTEE CHARTER

The Compensation Committee is charged with acting “in an advisory capacity to the Board of Directors on matters pertaining to the compensation and benefits provided to Foundation Employees.”

### COMPENSATION

The Foundation’s Board-approved Compensation Philosophy is the underpinning for the compensation management structure (CMS), which provides guidance when making salary decisions for non-represented employees. The basic structure was developed in conjunction with the 2011 salary and benefits survey, and was designed to be adjusted as needed.

### COMPENSATION MANAGEMENT STRUCTURE

The CMS lists 11 levels of employees, representative titles in that level; the families of jobs included in that level; the floor or base and the cap or ceiling for compensation; and a comments section. The levels reflect the basic nature of the work done, and the floor and cap reflect the lowest and highest possible wages for that level, without regard to the specifics of any job included. Both floor and cap vary according to the specific job family and role within the organization.

### COMPENSATION SURVEYS

In order to comply with the approved compensation philosophy, the Foundation participates in and purchases specific salary surveys each year, and uses expert guidance to adjust salary ranges (floors and caps) as necessary. Annual salary surveys include the Gallagher and Fair Pay for Non-Profits surveys (focused on California and the SF Bay Area) as well as the World@Work national survey. In addition, surveys are relied on that are focused on homeowner associations/property management companies and specialized skills such as fitness trainers and golf pros, are consulted as needed.

In 2016 the Foundation engaged an external compensation consultancy to undertake a follow-up review of the CMS designed to validate current processes, as well as help true-up current salary ranges and provide benchmarking of internal positions. The study will begin in late May/early June, and the results will be available during the 2017 budget process.

### BENEFITS

The Foundation provides several benefit plans for non-represented employees. Medical benefits through Kaiser Permanente are offered to employees regularly scheduled to work at least 20 hours/week. Met Life dental and VSP vision benefits are offered to full-time employees only. The Foundation pays 80% of medical premiums and 75% of dental and vision premiums. For medical, dental and vision plans, employees may enroll in employee only, employee plus-one dependent, or employee plus family coverage options. Medical benefits include two HMO options and a High Deductible Health Care Plan (HDHCP) with a Health Savings Account (HSA). The dental plan and the vision plan are PPO’s. In addition, the Foundation provides term

## Compensation Background

life and Accidental Death & Dismemberment insurance, and long-term disability insurance to full-time employees.

### Compensation Milestones 2008 - 2015

- 2008:
  - Formulated structured holiday gift program with tiered management levels and flat \$100 gifts for non-management employees
  - Board approved 3.5% COLA increase for eligible employees
  - Continued budgeting for market/merit/promotion adjustments to non-union wages and salaries
  - Continued budgeting for discretionary, performance-based management bonus pool
  
- 2009:
  - Precluded new employees from participating in the Defined Benefit Retirement Plan
  - Approved and commenced 401(k) defined contribution plan for new employees
  - Approved ending employer contributions to 401(k) plans for employees participating in the Defined Benefit Retirement plan
  - Approved and implemented structured management bonus program based on performance evaluations
  - Continued budgeting for market/merit/promotion adjustments to non-union wages and salaries
  - Continued budgeting for discretionary, performance-based management bonus pool
  
- 2010:
  - Negotiated three-year dental and vision plan rate agreements
  - Authorized staff to engage outside consultancy to complete a total compensation survey encompassing Foundation wages/salaries, variable compensation, and benefit programs.
  - Authorized staff to engage in a competitive benefits broker selection process
  - Board approved 1% General raise for eligible employees
  - Considered and rejected reducing employer contributions to health plan premium
  - Continued budgeting for market/merit/promotion adjustments to non-union wages and salaries
  - Continued budgeting for discretionary, performance-based management bonus pool
  
- 2011
  - Completed comprehensive total compensation survey
  - Completed competitive benefits broker selection process
  - Formulated and adopted GRF Compensation Philosophy

## Compensation Background

- Formulated and adopted Compensation Management Structure, establishing compensation bands with caps and floors
- Closed high-cost PPO health plan to new employees
- Ended use of across-the-board general and cost of living wage & salary increases
- Initiated merit-based wage & salary increase structure based on formal performance management process for all non-union employees
- Budgeted for on-going participation in comp surveys/databases to enable tracking of relevant market changes in compensation
- Authorized addition of initial 3-year employee wellness program focused on employee wellness awareness and education to assist in controlling rate of health plan cost increases
- Continued budgeting for market/merit/promotion adjustments to non-union wages and salaries
- Continued budgeting for discretionary, performance-based management bonus pool
- 2012
  - Reviewed health plan benefits in light of Patient Protection and Affordability Act (PPACA) and authorized addition of High-Deductible health plan and accompanying HSA for 2013
  - Reformulated management portion of holiday gift program to reduce all holiday gifts to \$100
  - Continued budgeting for market/merit/promotion adjustments to non-union wages and salaries
  - Continued budgeting for discretionary, performance-based management bonus pool
- 2013
  - Added High Deductible Health Plan to health benefits offering
  - Rolled 2013 holiday gift savings into management variable compensation (bonus program) amounts
  - Continued budgeting for market/merit/promotion adjustments to non-union wages and salaries
  - Continued budgeting for discretionary, performance-based management bonus pool
- 2014
  - Reviewed health plan benefits as well as potential future impacts of the Patient Protection and Affordability Act (PPACA) and discontinued the Preferred Provider Kaiser plan effective January 1, 2015.
  - Continued budgeting for market/merit/promotion adjustments to non-union wages and salaries
  - Terminated the management variable compensation (bonus) program effective January 2015.



## Compensation Background

- 2015
  - Reviewed health plan benefits as well as potential future impacts of the Patient Protection and Affordability Act (PPACA).
  - Moved all Foundation-sponsored insurance (term life, AD&D, LTD) to MetLife, resulting in lower overall premiums.
  - Continued budgeting for market/merit/promotion adjustments to non-union wages and salaries.

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Agenda Item: 6 a  
Subject:  
Meeting Date:

**Compensation Management Structure  
2016-2017 Compensation Committee  
July 20, 2013**

**BACKGROUND**

In 2011, at the Board's direction, staff worked with an external compensation consultancy to evaluate the Foundation's compensation program. As part of this process, and with the input and support of an Ad Hoc Residents' Advisory Committee, a compensation management structure (CMS) was developed. The CMS was designed to provide wage floors (minimums) and caps (maximums) for defined levels of positions. Within each level, a 'family' of positions could be identified, based on specific criteria, for example similarity of job content, or knowledge specialization. A process was developed to maintain the floors and caps in relation to the external market in compliance with the compensation philosophy; it was expected that the structure could be and would be modified by the addition/deletion of positions, levels, etc., as the Foundation's employee structure changed over time. And it was agreed by the establishing Board, that this structure and the resulting wages would be reviewed by an external consultancy at a future point, anticipated to be five years out.

**LEVELS AND FAMILIES**

There are currently 11 Levels in the CMS, from Executive to Non-Exempt Non-Clerical. Each Level corresponds to a group of positions, differentiated by level of authority or other unique characteristics. For example, the Sr. Manager Level is defined by level of authority, while Special Compensation Level is defined as employees eligible for additional compensation earned in the normal course of their duties. Golf Pros earn lesson fees; Fitness Trainers earn personal training fees; Advertising Sales employees earn commissions on inches of advertising sold.

Family assignment is generally dependent on knowledge specialization in the management levels, and by knowledge specialization and/or job content in non-management levels. For example, there are five Families in the Director level based on knowledge specialization, while the five Families in Non-Exempt Clerical are based on knowledge specialization (for example, Recreation) and job content (i.e., Administrative Services).

**FLOORS AND CAPS**

When the CMS was established, the floor, or minimum wage for the level/family, was set at 0.9 of the weighted market average for that position in the local (SF Bay Area) market. The cap, or maximum wage for the level/family, was set at 1.2 of the weighted market average, not to exceed the 75<sup>th</sup> percentile, for that position in the local market. Floors and caps were to be adjusted annually, based on salary structure movement forecasts from national consultancies (see 2014/2015 sample attached), generally available in in the 4<sup>th</sup> quarter.

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Agenda Item: 6 a

Subject:

Meeting Date:

**Compensation Management Structure  
2016-2017 Compensation Committee  
July 20, 2013**

**CMS PROCESS**

Human Resources participates in or subscribes to several compensation surveys, including the Gallagher Compensation Survey, which is very attuned to the San Francisco Bay Area; the Fair Pay Survey, which focuses on California non-profits; the CAI and CACM surveys, which focus on homeowners' associations and property management. The information from these surveys is used to monitor Foundation Floors and Caps, with an eye to maintaining the ranges in the compensation structure in relation to the market.

When the salary structure information is received, the forecasted structure change is applied against the floors and caps. The most recent compensation surveys are reviewed against the revised floors and caps as well, to confirm that structure changes are in keeping with the wage information, before the revisions are used.

## Pay Structure Adjustments: 2014 Actual and 2015 Projected

Survey Source	2014 Actual Structure Adjustments		2015 Projected Structure Adjustments	
	Mercer	WorldatWork	Mercer	WorldatWork
Executive	2.4%	2.0%	2.3%	2.0%
Management	2.4%	2.0%	2.3%	2.0%
Professional (Sales & Non-Sales) / Salaried Exempt	2.3%	2.0%	2.3%	2.0%
Office/Clerical/Technician	2.3%	2.0%	2.3%	2.0%
Trades/Production/Service	2.3%	2.0%	2.3%	2.0%
<b>Overall</b>	<b>2.4%</b>	<b>2.0%</b>	<b>2.3%</b>	<b>2.0%</b>

Based on the information compiled from these survey sources, it appears the overall structure adjustment for 2015 is approximately 2.2%.



Arthur J. Gallagher & Co.

### Compensation Management Structure Level - Families - Titles Listing

Level	Family	Titles included
<b>Executive</b>		Chief Executive Officer
<b>Director</b>	<u>Accounting/Finance</u> <u>Legal</u> <u>Golf</u> <u>Mutual &amp; Trust Ops</u> <u>Resident Services</u>	Chief Financial Officer General Counsel Director Golf Director of Mutual and Trust Operations Director Resident Services
<b>Senior Manager</b>	<u>Communications</u> <u>Executive Services</u> <u>Human Resources</u>	Senior Manager Communications Senior Manager Executive Services Senior Manager Human Resources
<b>Manager</b>	<u>Accounting</u> <u>Administration</u> <u>Building Maintenance</u> <u>Business Operations</u> <u>Communications/TV</u> <u>Golf Courses</u> <u>Landscape</u> <u>Public Safety</u> <u>Transportation/Vehicle Maintenance</u>	Assistant Controller Administrative Manager MOD Building Maintenance Manager (4), Trust Maintenance Manager Business Operations Manager MOD Channel 28 Manager Golf Course Superintendent Landscape Manager Public Safety Manager Fleet Manager
<b>Manager/Professionals</b>		Counseling Service Manager

## Compensation Management Structure Level - Families - Titles Listing

<b>Supervisor</b>	<u>Custodial</u>	Custodial Supervisor
	<u>Fitness</u>	Fitness Supervisor
	<u>Information Technology</u>	IT Supervisor
	<u>Landscape</u>	Landscape Supervisor
	<u>Recreation</u>	Recreation Supervisor
<b>Special Compensation</b>	<u>Advertising Sales</u>	Advertising Sales/RN
	<u>Fitness Training</u>	Fitness Trainer I & II
	<u>Golf Pro</u>	Golf Pro
<b>Exempt Professional</b>		Social Worker (LCSW)
<b>Exempt Administrative</b>	<u>Administrative</u>	Contract Administrator MOD, Landscape Coordinator MOD, Purchasing Agent MOD
	<u>Human Resources</u>	HR Generalist
	<u>Inspection</u>	Alterations & Resales Inspector MOD
<b>Non-Exempt Clerical</b>	<u>Accounting</u>	AP Clerk; AR Clerk; Financial Analyst; Senior Accountant; Senior Payroll/Benefits Administrator
	<u>Administrative Services</u>	Administrative Assistant; Front Desk Coordinator; Mail Clerk; Intermediate Clerk; Senior Administrative Assistant
	<u>Specialized Administrative Services</u>	Alterations/Resales Inspector; Alterations/Resales Specialist; Board Services Coordinator; Building Maintenance Coordinator; Golf Shop Clerk; Insurance Coordinator; Member Records Coordinator; MOD Administrative Floater; Service Order Specialist; Transit Travel Coordinator

### Compensation Management Structure Level - Families - Titles Listing

Non-Exempt Clerical (continued)	<u>Recreation</u>	Recreation Assistant I & II; Event, Excursion, Reservation, and Volunteer Coordinators; Sound & Lighting Specialist
	<u>Communications</u>	Editor/Administrative Assistant; Editor/Writer
Non-Exempt Non-Clerical	<u>Aquatics</u>	Head Lifeguard; Sr Lifeguard; Lifeguard; PTOC/Seasonal Lifeguard
	<u>Communications</u>	Graphic Artist; Photographer; Studio Coordinator; Videographer/Editor; Web Designer
	<u>Information Technology</u>	Desktop Support
	<u>MOD Specialist</u>	Handyman Program; Recycle Center Monitor

Each Family has a specific floor and cap within the overall floor and cap for that Level. The hiring compensation range for a given position references the specific floor-cap range for that title. For purposes of general discussion, the level floor-cap range is referenced.

**Compensation Management Structure  
Levels, Families, Caps and Floors  
2016 Fiscal Year**

Level Name	Family	Floor	Cap	Comments	Above	In	Below	\$\$
Executive		\$215,000	\$300,000	Contract Employee		1		
Director		\$101,000 - \$167,775	\$112,525 - \$215,575	Separate Cap and Floor for different titles (Golf, Finance, etc.)	1	4		
Sr. Manager		\$70,700	\$129,125	Family/Role varies	1	2		
Manager		\$64,800	\$120,650	Family/Role varies.	1	12		
Manager Professionals		\$87,525	\$106,625			1		
Supervisor		\$55,525	\$90,355	Family/Role varies	1	4		
Special Comp		\$34,425	\$78,750	Commissions/fees; wages adjusted to incorporate non-wage compensation		12		
Exempt Professional		\$64,525	\$83,625		1	1		
Exempt Admin		\$56,725	\$78,000	Family/Role varies	1	5		
Non-Exempt Clerical	Accounting	\$51,500	\$84,650	Family/Role varies.	1	4	4	\$6,373
	Admin Svcs	\$31,900	\$60,000	Family/Role varies.	2	6	1	\$6,106
	Specialized Admin Svcs	\$43,600	\$56,350	Family/Role varies.		15	1	\$7,563
	Recreation Services	\$28,52	\$67,525	Family/Role varies.		7		

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**Compensation Management Structure  
Levels, Families, Caps and Floors  
2016 Fiscal Year**

Level Name	Family	Floor	Cap	Comments	Above	In	Below	\$
Non-Exempt Clerical (Cont'd)	Communication Specialists	\$39,675	\$74,000			2	1	\$1,301
Non-Exempt Non-Clerical	Aquatics	\$11.50/hr \$23,920	\$21/hr \$43,680	Family/Role varies.		18		
	Communication Specialists	\$45,650	\$109,325	Role varies		4	4	\$71,513 <sup>8</sup>
	IT Support	\$64,950	\$81,950	One incumbent		1		
	MOD Specialists	\$34,700	\$90,825	Role varies		3		
				<b>TOTALS</b>	9	102	11	%92,856

**NOTES:**

11/9/2011: Initial floors and caps as approved by the Compensation Committee. Rationale: floor equals .9 of the Weighted Market Average (WMA); cap 1.2 of the weighted market average to a max of the 75th percentile. Figures on the original chart met these requirements and represented the floors and caps that were used for 2012 compensation planning. Floors and caps are rounded to nearest \$.25; floors rounded down, and caps rounded up. The Compensation Management Structure, as presented and approved, was caveated as a work in progress, with the stated expectation that significant fine-tuning would be required over the ensuing years, and an external 'reality check' on 3-5 year intervals (expected 2016).

1/12/2012 and forward, floors and caps move by the payroll structure estimates (CompAnalysis/Gallagher); for 2012 through 2015, no attempt was made to particularize this (i.e., if the overall estimate was 3%, with Executive at 3.2%, IT at 3.5% and Administrative at 2.8%, all moved at 3%). Surveys used include CompAnalysis/Gallagher, World@Work, Fair Pay for Calif Non Profits, most current CACM & CAIC salary surveys as well as PEO feedback.

8/1/2012: Supervisor Professionals added; with change from Counseling Services Manager to Counseling Services Supervisor

3/1/2014: Insurance Coordinator (N/E), replacing Risk Analyst (Exempt, B-E)

1/1/2015: IT Supervisor replaced IT Manager.

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**Compensation Management Structure  
Levels, Families, Caps and Floors  
2016 Fiscal Year**

7/1/2016: Non-Exempt Non-Clerical Communications Specialists: Current floors and caps for the affected positions are doubtful due to difficulty in finding comparator positions. Appropriate compensation ranges for the affected positions are currently under review as part of the 2016 Comp Study.

Agenda Item: 6 b  
Subject: Non-Union Health and  
Welfare Benefits  
Meeting Date: July 20, 2016

**SUMMARY REPORT**  
**GOLDEN RAIN FOUNDATION COMPENSATION COMMITTEE**

**REPORT PREPARED BY:**

Judith Perkins, Sr. Manager Human Resources and  
Anthony Grafals, General Counsel and Director of Confidential Services

**RECOMMENDATION**

Staff recommends the 2017 benefits program budget be increased, based on projections from our benefits broker by a total of \$134,000.

**REQUESTED ACTION:**

Recommend to the Board of Directors that GRF increase the benefits program budget for 2017 by \$134,000.

**BACKGROUND:**

The Golden Rain Foundation provides medical benefits to part-time non-union employees regularly scheduled to work a minimum of 20 hours per week. All other benefits are available only to full-time non-union employees regularly scheduled to work a minimum of 32 hours per week. Specific non-represented employee classifications (e.g., seasonal lifeguards; range workers; news carriers, etc.) are not eligible for benefits, regardless of the number of hours worked per week. Medical benefits are cost shared on an 80/20 basis with employees. Dental and vision benefits are cost shared on a 75/25 basis with employees. Employees may enroll as employee only, employee plus 1 dependent, or family coverage. 2016 enrollment numbers in the Foundation benefits are summarized in Table 1 on the following page.

Medical Benefits Summary

The Foundation currently offers full-time non-union employees a cafeteria plan with a choice among 3 medical benefits plans through Kaiser Permanente: 2 HMO plans, and a High-Deductible health plan. GRF can offer up to five medical plans to employees through Kaiser.

Dental Benefit

Eligible part-time non-union employees of the Foundation may enroll in the MetLife dental plan.

Vision Benefit

Eligible part-time non-union employees of the Foundation may enroll in the vision coverage offered through Vision Service Plan.

Other Benefits

The Foundation also provides other specific benefits to full-time employee regularly scheduled for 32 or more hours per week. These include group term life and accidental death & dismemberment insurance (AD&D), long-term disability (LTD) insurance, and an employee assistance program which provides free or low-cost assistance to employees on a wide range of topics.

Table 1: Benefits Enrollment as of January 1, 2016	
Benefit	GRF Budget
Core HMO	7
Buy-Up HMO	42
High Deductible Plan	0
Dental	52
VSP	45
Other Benefits	59

Rate Changes

Actual 2017 rate increases may not be available until the fourth quarter of 2017. However, working in consultation with GRF's benefits broker, Table 2 below itemizes the preliminary projected rate increases for employees funded by the GRF operating budget. Note that these projections are based on current enrollment rates; actual enrollment in 2017 may vary.

Table 2: 2017 Projected Rate Increases by Benefit							
Benefit	Medical	Dental	Vision	Life/AD&D	LTD	EAP	Total
<b>OPERATING BUDGET</b>							
2016 Budget	\$680,000	\$55,000	\$8,000	\$29,000	\$18,000	\$3,000	\$793,000
Projected Increase Range	10% - 18%	10% - 15%	Flat (rate guarantee)	10%	Flat (rate guarantee)	Flat (rate guarantee)	
* Projected 2017 Budget	\$803,000	\$63,000	Same as 2016	\$32,000	Same as 2016	Same as 2016	\$927,000

\* All projected cost figures are based on the maximum increase and rounded to next thousand.

RECOMMENDATION

Based on these preliminary rate increase projections, staff recommends the 2017 budget reflect the maximum increases anticipated. For the GRF operating budget, 2017 benefits costs are estimated to be approximately \$927,000 or an increase over the current budget of approximately \$135,000. As in years past, staff will continue to work with the Foundation's benefits broker to more accurately calibrate the projected ranges and will keep the Committee apprised. Historically, we have been able to reduce some of the ranges and lock in lower increases, thereby reducing budgeted amounts and

potential coupon increases, before the draft budget is presented for approval at the Board of Director's September month-end meeting.

**ALTERNATIVES AND OPTIONS:**

- The Committee can accept staff's recommendation; or
- The Compensation Committee can make a different recommendation; or
- The Compensation Committee can defer to the Board to make a determination without guidance from this Committee.

**SUBSEQUENT ACTIONS:**

The recommendation of the Compensation Committee will be considered by the full Board of Directors at the July 28, 2015, meeting.

**FINANCIAL IMPACT:**

The maximum financial impact based on preliminary estimates is \$134,000. However the final financial impact will depend on employee usage and the final rate changes.

Agenda Item: 6 c  
Subject: Non-Union Wage  
Adjustment  
Meeting Date: July 20, 2016

**SUMMARY REPORT**  
**GOLDEN RAIN FOUNDATION COMPENSATION COMMITTEE**

**REPORT PREPARED BY:**

Judith Perkins, Sr. Manager Human Resources  
Anthony W. Grafals, General Counsel and Director of Confidential Services

**RECOMMENDATION:**

Staff recommends increasing the wage line in the 2017 budget in an amount equal to 3% of wages, up to \$140,000, to allow for wage adjustments based on performance evaluation, market changes, and promotions, as well as complying with the California change in the minimum wage.

**REQUESTED ACTION:**

Recommend to the Board of Directors that the 2017 budget include a non-union compensation (Market/Merit/Promotion pool) adjustment to the budget equal to 3% of wages or up to \$140,000.

**BACKGROUND:**

Introduction

Prior to 2011, GRF authorized general wage increases for employees across the Board, based on cost of living adjustments, along with market merit increases. There were no caps or floors on wages and wage rates were not generally indexed to a comparable position in GRF's employment market, which is considered to be the Bay Area and Northern California. Beginning in 2011, GRF worked with a professional salary consultant and a committee of Rossmoor residents to adopt a merit based compensation system, whereby positions are compared to equivalent positions in GRF's employment market, and a compensation range is established for each position. Employees are then compensated within the range for their position, based on each employee's performance and value to the organization.

The Foundation monitors and subscribes to several salary data sources including the Bureau of Labor Statistics (BLS), World at Work (a national not-for-profit organization focused on compensation), Towers Watson (a leading global professional services company), Aon Hewitt (formerly Hewitt Associates, another leading compensation consulting firm), and CompAnalysis (a division of A J Gallagher which performed GRF's 2011 compensation survey).

The Compensation Committee annually recommends an amount to the Board of Directors to be allocated in the budget for potential wage increases, based on the information from the various salary data sources described above. Table 1 on page 2

lists the percentage increase authorized by the Board, and equivalent amounts budgeted for non-union wages for GRF operating budget funded employees from 2010 - 2016. The 2016 GRF operating budget for non-union wages is approximately \$4,636,000.

Table 1: Percentage Increase and Equivalent Dollar Amount 2010-2016

Year	%Increase	GRF Ops
2016	2.5%	\$115,000
2015	3%	\$118,000
2014	2%	\$86,000
2013	2.0%	\$66,000
2012	1.5%	\$66,000
2011	1.0%	\$35,000
2010	0%	0.0

Note that all numbers are rounded to the next whole thousand.

For comparison purposes, Table 1.1 presents BLS indices/comparators for the same time period as above:

Table 1.1: BLS Annual Wage/Cost of Living Average Increases for 2010 - 2016

Year	Change CPI*	BLS Wage Growth
2016	NA <sup>1</sup>	NA
2015	2.6%	2.1%
2014	2.8%	2.2%
2013	2.2%	2.1%
2012	2.7%	1.7%
2011	2.6%	1.6%
2010	1.4%	1.8%

\* CPI data based on SF/OAK/SJ MSA  
12 month data through April 2016 shows a 2.7% increase.

Effective 1/1/17, the California minimum wage goes from \$10 an hour to \$10.50 hour. This change directly impacts range workers only and will have limited impact on Foundation costs.

Union Impact

An additional consideration in making any recommendation to the Board is that the Collective Bargaining Agreement between GRF and its labor union as approved by the Board in 2012 included a provision requiring an increase in union wages which corresponds to the percentage increase in the non-union merit/market pool. Thus, a 1% increase in the annual amount for non-union employee wages for a given fiscal year results in a 1% increase in union wages for the same year. Table 2 below

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includes 1%, 2% and 3% changes and the calculated equivalent amounts for union employees funded through the GRF operating budget.

Table 2: Percentage Increase and Equivalent Dollar Amounts Union Wages

%Increase	GRF Ops
1%	\$ 23,000
2%	\$ 46,000
3%	\$ 69,000

Note that all numbers are rounded to the next whole thousand.

### Wage Adjustments

Adjustments in individual wages can come in any of the following forms:

**Market Adjustments** - granted if the Foundation wage rate for a specific position falls below that of the Northern California and/or Bay Area job market.

**Merit Raises** - requested by managers for subordinates based on the manager's assessment of performance and value to the organization. These increases are intended to reward and incentivize employees and to encourage longevity for high-performing employees. Merit raises are not permitted to increase wages above the salary cap for the particular position.

**Promotion Raises** - available when employees are promoted to a new role with greater responsibilities at the request of a manager and the approval of the CEO.

**Merit Lump Sums** - one-time cash payments to employees in recognition of particular achievement, and may also be used when employees are at their wage cap.

### **ALTERNATIVES AND OPTIONS:**

- The Compensation Committee can accept staff's recommendation; or
- The Compensation Committee can make a different recommendation; or
- The Compensation Committee can defer to the Board to make a determination without guidance from this Committee.

### **SUBSEQUENT ACTIONS:**

The recommendation of the Compensation Committee will be considered by the full Board of Directors at the July 28, 2016, meeting.

### **FINANCIAL IMPACT:**

The financial impact will depend on the Committee's recommendation and the Board's action.



Agenda Item: 6 d  
Subject: CEO Compensation  
Adjustment  
Meeting Date: July 20, 2016

**SUMMARY REPORT  
GOLDEN RAIN FOUNDATION COMPENSATION COMMITTEE**

**REPORT PREPARED BY:**

Judith Perkins, Sr. Manager Human Resources and  
Anthony Grafals, General Counsel and Director of Confidential Services

**RECOMMENDATION**

Staff recommends increasing the wages line item in the 2017 budget to allow for a 5% market adjustment as well as a potential 3% merit increase for the CEO. In addition, staff recommends setting aside \$10,000 for a larger market adjustment and/or a performance bonus, for a line item increase of \$27,600.

**REQUESTED ACTION:**

Recommend to the Board of Directors that funds be allocated in the 2017 budget to allow for a 2017 market adjustment and potential 2017 merit increase, as well as potential 2017 performance bonus for the Chief Executive Officer.

**BACKGROUND:**

The CEO was hired pursuant to an employment contract effective November 16, 2015, for a term of four years. Per the contract, compensation changes are at the discretion of the Board. The contract calls for an annual performance review by the Board to determine the actual amount of any salary increase. Additional items include the provision of all benefits available to non-union employees of the Foundation, including accrual of twenty (20) days' vacation per year.

Currently and historically, the CEO's total compensation has lagged the market as was confirmed by the outside consulting firm hired by GRF in 2011. The previous CEO's ending salary of \$216,300, even with annual bonus awards, was below market. The current CEO's contract makes no mention of bonuses, resulting in a total compensation package that is under market. In addition, it is common practice that the CEO's salary be greater than that of subordinates. At present, this is not the case.

Recommendation

Staff recommends that effective January 1, 2017, the CEO receive a 5% market adjustment, which serves two purposes: it moves the CEO's salary to a position more consistent with the external market, and it ensures the CEO's salary is greater than that of the next closest employee.

Staff also recommends that the 2017 budget include provision for an additional 3% merit increase, to be awarded if, in the Board's evaluation, such an increase is appropriate.

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Staff further recommends that the 2017 budget include \$10,000 to be awarded in whole or in part as a performance bonus for 2017, if in the Board's evaluation, such a discretionary award has been earned.

**ALTERNATIVES AND OPTIONS:**

- The Compensation Committee can accept staff's recommendation; or
- The Compensation Committee can make a different recommendation; or
- The Compensation Committee can defer to the Board to make a determination without guidance from this Committee.

**SUBSEQUENT ACTIONS:**

The recommendation of the Compensation Committee will be considered by the full Board of Directors at the July 28, 2016, meeting.

**FINANCIAL IMPACT:**

The financial impact will depend on the Committee's recommendation and the Board's action.

**SUMMARY REPORT**  
**GOLDEN RAIN FOUNDATION COMPENSATION COMMITTEE**

**REPORT PREPARED BY:**

Judith Perkins, Sr. Manager Human Resources and  
Anthony W. Grafals, General Counsel and Director of Confidential Services

**RECOMMENDATION**

Staff recommends the 2017 budget provide \$150,000 for estimated increases in contractual costs for the GRF operations budget-funded union employees in 2017.

**REQUESTED ACTION:**

Recommend to the Board of Directors that the 2017 GRF operations budget include \$150,000 for estimated increased contractual costs for the GRF operations budget-funded union employees.

**BACKGROUND:**

The Foundation currently has 95 positions which are covered by a Collective Bargaining Agreement (CBA) with Laborers' Union, Local 324 AFL-CIO (the "Union"). Of those positions, 49 positions are funded by the GRF operations budget, and 46 are assigned to work for MOD. Employment costs associated with union employees assigned to MOD are offset by fees charged by MOD. Thus, the GRF coupon is not impacted by Union employees at MOD.

The CBA contains terms and conditions of employment for Union employees including wages, pension contributions, and health & welfare contributions.

Historically budgeting for Union expenses has been complicated by the fact that neither GRF nor the union has any control over pension or welfare benefits costs, and by the fact that the fiscal years for GRF, the union, and the union benefits and pension plans do not correspond with each other. GRF's fiscal year is the calendar year. The CBA generally follows the union's fiscal year, which is August 1 to July 31 of the following year. Wage changes have historically been effective at the start of Union's fiscal year. The health and welfare plan year begins February 1 of each year. And, the plan year for the Union pension starts on July 1.

In 2012, GRF finalized an amendment to the CBA that included predetermined increases in wages, health and welfare, and pension benefits, subject to caps, through August 1, 2014. A significant consideration that went into the negotiation was the need for more certainty for budgeting purposes, and the need to limit GRF's exposure to substantial unbudgeted increases. Steps were taken to bring wage increases in line with GRF's fiscal year, linking union wage increases to the percentage allocated for non-union wage increases (Non-Union Wage Adjustment).

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The most recent CBA amendment (Amendment 3) included as Attachment 1 to this Summary Report, and expiring July 31, 2018, provides for the following economic benefits:

- Health and Welfare (H&W) contributions made by GRF may increase annually by up to 5% of the total premium amount per year, not to exceed 80% of the total premium. If actual H&W premiums increase by more than 10% in one year, the Union may demand a reopener to renegotiate H&W benefits and wages.
- Pension contributions may increase annually up to \$0.50 per hour to a maximum of 80% of the total required contribution.

**RECOMMENDED INCREASES**

Table 1 displays the current costs and the recommended rates of increase for 2017, as well as the resulting recommended 2017 budget increase amounts.

<b>Table 1:</b>				
<b>2016-2017</b>				
<b>Estimated Increases, Union-Related Costs</b>				
	<b>GRF 2016</b>	<b>Recommended Budget Increase</b>	<b>Recommended Budget Amount</b>	<b>GRF 2017</b>
<b>Wages</b>	\$2,277,000	3%	\$69,000	\$2,346,000
<b>H&amp;W Contribution</b>	\$562,000	5% (of total premium)	\$29,000	\$591,000
<b>Pension Contribution</b>	\$985,000	\$0.50/hr/employee	\$52,000	\$1,037,000

Note: 2017 amounts are rounded to the next thousand dollars.

The total estimated increase for union employees is \$150,000 for GRF operations-funded union employees.

**ALTERNATIVES AND OPTIONS:**

- The Compensation Committee can accept staff's recommendation; or
- The Compensation Committee can make a higher recommendation; or
- The Compensation Committee can defer to the Board to make a determination without guidance from this Committee.

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**SUBSEQUENT ACTIONS:**

The recommendation of the Compensation Committee will be considered by the full Board of Directors at the July 28, 2016, meeting.

**FINANCIAL IMPACT:**

As the terms of the CBA have already been agreed to, there will be an increase estimated at \$147,000, based on the foregoing.

**ATTACHMENTS:**

- 1) Memorandum of Understanding, Amendment 3, 2014