

# AGENDA

## COMPENSATION COMMITTEE

MEETING OF  
MONDAY, JULY 10, 2017, AT 1:30 P.M.  
GRF BOARDROOM - GATEWAY

1. MEETING CALLED TO ORDER: Steve Roath, Chairman.
2. ROLL CALL: Roath, Birdsall, Brown, Kelso
3. APPROVAL OF REPORT OF May 11, 2017 (Attachment)
4. RESIDENTS' FORUM
5. NEW BUSINESS
  - a. Non-Union Health and Welfare Benefits (Attachment)
  - b. Union Cost Increases (Attachment)
  - c. CEO Compensation (Attachment)
6. NEXT MEETING: To Be Determined
7. 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  
THURSDAY, MAY 11, 2017, AT 9:30 AM

A regular meeting of the Compensation Committee was convened by Chair Les Birdsall, at 9:30 am, 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 January 18, 2017, was reviewed and approved by the Committee as presented.

Report of  
January 18,  
2017 Approved

Present at the meeting were GRF Board members Geri Pyle, Steve Roath, Bob Kelso, Mary Neff, Carl Brown, and Mary Lou Delpech. No comments were offered at the Residents' Forum.

Residents'  
Forum

Chair Birdsall opened the meeting to a general discussion of the proposal, which included an extended explanation of the current Compensation Management System. After a motion duly made, seconded, and discussed, the Compensation Committee voted unanimously to recommend that the Board of Directors endorse the Compensation Management System as described for use by staff.

Proposed  
Change to  
Compensation  
Management  
Structure

The discussion then moved to the funding proposals for the 2018 fiscal year.

After a motion duly seconded, and discussed, the Compensation Committee voted unanimously to recommend to the Board of Directors that a budget principle be adopted directing staff to assume a wage increase equivalent to the CPI-U for the San Francisco Bay Area, for the 12 month period ending April 30<sup>th</sup> of the then current year, to fund a cost-of-living increase for employees eligible to receive such an increase, and who are not on disciplinary or performance improvement status, and who meet the standards set for performance during the budget year, as documented through an objective written performance review, subject to applicable wage ceilings.

2018 Cost of  
Living Wage  
Adjustment  
Pool

CEO O'Keefe presented a request to fund an additional pool to provide merit increases to recognize and reward exceptional employee performance. After a motion duly seconded and discussed, the Compensation Committee voted unanimously to recommend to the Board of Directors that for 2018, an additional \$70,000 be included in the budget to enable the CEO to recognize and reward select employees eligible for a wage increase and who are not on disciplinary or performance improvement status, and who not only meet but exceed the standards set for performance during the budget year, as documented through an objective written performance review, subject to applicable wage ceilings.

2018 Merit  
Increase Wage  
Pool

Compensation Committee  
May 11, 2017

CEO O'Keefe presented a request for additional funds to be used as needed to adjust employee wages which are below the minimum for the position or to fill a critical position where additional funds are needed. After a motion duly seconded and discussed, the Compensation Committee voted unanimously to recommend to the Board of Directors that an additional \$15,000 be included in the 2018 budget to be used by the CEO as needed to bring employee wages up to the minimum floor of the relevant wage band, or fill a critical position for which additional funds are needed to enable hiring.

2018  
Contingency  
Adjustment  
Wage Pool

The next meeting of the Compensation Committee will be determined after the appointment of members for the 2017-2018 Board year.

Next Meeting

The meeting was adjourned at 11:14 am.

Adjournment



Leslie Birdsall, Chair  
Compensation Committee

JP/m

Agenda Item: 5 a  
Subject: Non-Union Health and  
Welfare Benefits  
Meeting Date: July 10, 2017

## **SUMMARY REPORT**

### **GOLDEN RAIN FOUNDATION COMPENSATION COMMITTEE**

**REPORT PREPARED BY:**

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

**REQUESTED/REQUESTED ACTION:**

Recommend to the Board of Directors that GRF increase the benefits program budget for 2018 by \$111,000, based on projections from GRF's benefits broker.

**BACKGROUND:**

The Golden Rain Foundation provides medical benefits to full-time non-union employees and 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 one dependent, or family coverage. 2017 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.

Dental Benefit

Eligible full-time non-union employees of the Foundation may enroll in the dental coverage offered through MetLife Dental.

Vision Benefit

Eligible full-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 employees 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 issues.

<b>Table 1: Benefits Enrollment as of January 1, 2017</b>	
<b>Benefit</b>	<b>GRF Budget</b>
Core HMO	7
Buy-Up HMO	40
High Deductible Plan	0
Dental	56
VSP	47
Other Benefits	61

<b>Table 2: Benefits Eligible Employees as of January 1, 2017</b>	
<b>Benefit</b>	<b>GRF</b>
Medical	73
Dental & Vision	61

Rate Changes

Actual 2018 rate increases may not be available until the fourth quarter of 2018. 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 2018 may vary.

<b>Table 2: 2018 Projected Rate Increases by Benefit</b>							
<b>Benefit</b>	<b>Medical</b>	<b>Dental</b>	<b>Vision</b>	<b>Life/AD&amp;D</b>	<b>LTD</b>	<b>EAP</b>	<b>Total</b>
<b>OPERATING BUDGET</b>							
2017 Budget	\$ 700,000	\$55,000	\$6,000	\$ 30,000	\$16,000	\$3,000	\$810,000
Projected Increase Range	5% - 15%	5% - 6%	Flat (rate guarantee)	10%	Flat (rate guarantee)	Flat (rate guarantee)	13.7%
* Projected 2018 Budget	\$ 805,000	\$58,000	Same as 2017	\$ 33,000	Same as 2017	Same as 2017	\$921,000

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

Based on these preliminary rate increase projections, the maximum total increase anticipated during 2018 is \$921,000 or approximately 13.7%. For the GRF operating budget, 2018 benefits costs are estimated to be approximately \$921,000 or an increase over the current budget of approximately \$111,000. As in years past, staff will continue to work with the Foundation’s benefits broker to more narrowly calibrate the projected ranges and will keep the Committee apprised of all adjustments. Historically, early projections have been high and we eventually lock in lower increases than the initial upper projections, 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.

**SUBSEQUENT ACTIONS:**

The recommendation of the Compensation Committee will be considered by the full Board of Directors at the July 27, 2017, meeting.

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

**REPORT PREPARED BY:**

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

**RECOMMENDATION/ REQUESTED ACTION:**

Recommend to the Board of Directors that the 2018 GRF operations budget include \$169,000 for increased contractual costs for the GRF union employees.

**BACKGROUND:**

The Foundation currently has 50 union employees which are covered by a Collective Bargaining Agreement (CBA) with Laborers' Union, Local 324 AFL-CIO (the "Union") dedicated to the GRF operations budget. The CBA contains terms and conditions of employment for Union employees including wages, pension contributions, and health & welfare contributions. Budgeting for Union expenses is 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. 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).

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 in addition to wages, addressed above:

- 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 2018, as well as the resulting recommended 2018 budget increase amounts.

<b>Table 1:</b>				
<b>2017-2018</b>				
<b>Estimated Increases, Union-Related Costs</b>				
	<b>GRF 2017</b>	<b>Recommended Budget Increase</b>	<b>Recommended Budget Amount</b>	<b>GRF 2018</b>
<b>Wages</b>	\$ 2,292,000	3.8%	\$88,000	\$2,380,000
<b>H&amp;W Contribution</b>	\$569,000	5% (of total premium)	\$29,000	\$ 598,000
<b>Pension Contribution</b>	\$ 962,000	\$0.50/hr/employee	\$52,000	\$ 1,014,000

Note: 2018 amounts are rounded to the next thousand dollars.

The total estimated increase for union employees is \$169,000 for GRF operations-funded union employees.

**SUBSEQUENT ACTIONS:**

The recommendation of the Compensation Committee will be considered by the full Board of Directors at the July 27, 2017, meeting.

**ATTACHMENTS:**

- 1) Memorandum of Understanding, Amendment 3, 2014



**MEMORANDUM OF UNDERSTANDING (AMENDMENT 3)**  
between  
**GOLDEN RAIN FOUNDATION OF WALNUT CREEK,**  
and  
**LABORERS' LOCAL UNION 324,**  
and  
**THE NORTHERN CALIFORNIA DISTRICT COUNCIL OF LABORERS**

This Memorandum of Understanding shall serve as the third amendment of that certain Collective Bargaining Agreement dated December 15, 2009, and as subsequently amended (the "Agreement") by and between the GOLDEN RAIN FOUNDATION OF WALNUT CREEK, (the "Employer"), and LABORERS' LOCAL 324 (the "Union"), and the NORTHERN CALIFORNIA DISTRICT COUNCIL OF LABORERS, and is hereby adopted pursuant to Section 17 of the Agreement, on the date last set forth below, as follows:

1. Term of Agreement (§17):

Section 17 of the Agreement as amended is hereby deleted in its entirety and replaced with the following language:

"This Agreement shall remain in effect from the first day of August 2009, to and including the 31<sup>st</sup> day of July, 2018, and shall continue thereafter from year to year on the same terms, unless at least sixty (60) days prior to the first day of August 2018, or any subsequent anniversary thereof, either party shall serve written notice upon the other of its desire to amend, modify, or terminate this Agreement."

2. Pension/Retirement (§12A) Section 12A of the Agreement as amended, is hereby amended to incorporate the following provisions, which shall be appended to the end of Subsection A:

"Notwithstanding any other provision of this Agreement to the contrary, Employer's pension contributions shall at all times be limited to not more than 80% of the total pension contribution amount.

Beginning on July 1, 2015 and each succeeding July 1 thereafter during the term of this agreement, if Employer's pension contribution is less than 80% of the total required pension contribution, Employer agrees to increase its pension contribution by up to a maximum of fifty cents (\$0.50) per hour for all hours worked, or such lesser amount required or necessary to bring employer's contribution to eighty percent (80%) of the total required pension contribution per employee.

If the Pension Trustee determines that any additional increase is required for Pension Rehabilitation or under the Funding Improvement Plan, such additional increase may be reallocated by the Union from wages or other fringe benefits.

If, during the term of this Agreement and any extensions thereof, the Plan Trustee requires increases to the Pension contributions of greater than \$1.00 per hour, the Union may, upon notice as set forth in Section 17 of this Agreement as amended, reopen the Agreement in order to renegotiate changes in Pension contribution amounts and wages."

3. Health & Welfare (§ 12B) Section 12B of the Agreement as amended, is hereby amended to incorporate the following provisions:

"Beginning February 1, 2015 and each anniversary thereof during the term of this Agreement, Employer shall increase its contribution to the Laborers Health and Welfare Trust Fund by an amount not to exceed 5% of the prior year's total premium, provided however, that Employer's share of the premiums shall not exceed eighty percent (80%) of the total premiums for Health and Welfare benefits.

In the event additional increases greater than those set forth above are required by the Plan Trustee for Health and Welfare premiums, such additional amounts may be allocated from wages and fringe benefits by the Union.

If, during the term of this Agreement and any extensions thereof, the Plan Trustee requires increases to the Health and Welfare premiums of greater than ten percent (10%) of the prior year's total premium, the Union may, upon notice as set forth in Section 17 of this Agreement as amended, reopen the Agreement in order to renegotiate changes in premium amounts and wages."

4. Wages:

Appendix A of the Agreement, as amended, is hereby amended to incorporate the following language:

"Effective January 1, 2015, and each succeeding January 1 where there was no reopener for Pension and/or Health and Welfare benefits during the preceding calendar year, the Employer shall increase union wages commensurate with the percentage increase budgeted for all non-represented employees, but in any case not less than one percent (1%).

The Union may, upon notice to the Employer, allocate to health and welfare and/or pension, such wages as may be necessary to maintain health and welfare and/or pension at their current level of benefits. Except as specified in Section 12, any additional costs of maintaining health and welfare and/or pension during the life of this Agreement shall be deducted from wages."

5. Work Shoe Allowance:

A. Section 7 of the Agreement is hereby amended to add new paragraph R, which shall read as follows:

"R. Safety Boots. Employees will be reimbursed up to \$200 per year, for up to two (2) pairs of properly fitted and pre-approved steel-toed boots. Boots must meet ANSI standards and the employee must provide documentation certifying this when requesting reimbursement. With prior

approval, the cost of resoling steel-toed boots may be reimbursed as well, subject to the same requirements as new purchase. Employees will not be reimbursed for a second pair of steel-toed boots within 12 months of purchasing the first pair, unless the supervisor and Director agree that the first pair is no longer functional.

Employees will also be reimbursed up to \$40 per year, for one pair of pre-approved ankle-length "chukka" style boots. A second pair of chukka boots may be reimbursed up to \$40 within 12 months of purchasing the first pair, at the supervisor's discretion, based on the nature of the work performed and the condition of the first pair of boots.

In order to receive any reimbursement, the employee must turn in the original receipt, signed and dated by the employee with an approved form appropriately signed by the supervisor. Duplicate copies of the original receipt will not be accepted."

6. Temperature Extremes:

Section 13 of the Agreement is hereby amended to add new paragraph H, which shall read as follows:

"The parties agree that on mutual consent of the Employer and the employee, employees may be released from work without pay when the temperature exceeds 100° F or when weather conditions otherwise prevent employees from performing their jobs safely and comfortably."

All other terms and conditions of the Agreement not referenced above shall remain unchanged.

Agreed to and accepted by:

FOR THE EMPLOYER

GOLDEN RAIN FOUNDATION  
OF WALNUT CREEK, TRUSTEE

  
Warren T. Salmons, Chief Executive Officer

Date: 12/18/2014

FOR THE UNION

NORTHERN CALIFORNIA DISTRICT  
COUNCIL OF LABORERS

  
Oscar De La Torre, Business Manager

Date: 12/17/14

LABORERS' LOCAL 324

  
Randy LeMoine, Business Manager

Date: 11-26-2014

Agenda Item: 5 c  
Subject: CEO Compensation  
Adjustment  
Meeting Date: July 10, 2017

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

**REPORT PREPARED BY:**

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

**RECOMMENDATION/REQUESTED ACTION:**

Recommend to the Board of Directors that funds be allocated in the 2018 budget to allow for an increase in CEO wages of up to 3.8% (\$8,930), consistent with that of all other employees, as well as an increase of up to 5% (\$11,750) to allow for a potential market/merit adjustment for the CEO, and an additional \$10,000 for a possible CEO performance recognition award, for a total possible line item increase of \$30,680, all subject to the final determination of such increases by the Board at their December 2017 meeting, for the 2018 budget year.

**BACKGROUND:**

The CEO's current compensation package for 2017 consists of an annual salary of \$235,000. 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.

The recommendation is for a budget line item only. The Board will evaluate the CEO's performance late in 2017, and will decide at that time what, if any, changes should be made to the CEO's compensation.

**SUBSEQUENT ACTIONS:**

The recommendation of the Compensation Committee will be considered by the full Board of Directors at the July 27, 2017, meeting.