

A G E N D A

COMPENSATION COMMITTEE

MEETING OF
THURSDAY, JULY 19, 2018, AT 9:30 A.M.
BOARDROOM - GATEWAY

1. MEETING CALLED TO ORDER: Chair Neff.
2. ROLL CALL: Neff, Birdsall, Brown, Roath
3. APPROVAL OF REPORT OF June 13, 2018 (Attachment)
4. RESIDENTS' FORUM
5. NEW BUSINESS
 - a) Summary Report Non-Represented Employee Benefits (Attachment)
 - b) Summary Report Union Costs (Attachment)
 - c) Summary Report CEO Wage Adjustment Funds (Attachment)
6. NEXT MEETING: Wednesday, August 15, 2018 at 1:30 p.m. in the Board Room at the Gateway complex
7. ADJOURN or RECESS

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.

cc: GRF Board

COMPENSATION COMMITTEE REPORT
MEETING OF
WEDNESDAY, JUNE 13, 2108, AT 1:30 PM

A regular meeting of the Compensation Committee was convened by Chair Mary Neff, at 1:34 PM, in the Board Room at the Gateway complex.

Call to Order

Present, in addition to the Chair, were Committee members Birdsall, and Brown. Committee member Roath was absent. Also in attendance were Tim O'Keefe, CEO of GRF; Anthony W. Grafals, General Counsel and Director of Confidential Services; Rick Chakoff, CFO; and Judith Perkins, Sr. Manager Human Resources.

Attendance

The report of the Committee's meeting held on Wednesday, May 16, 2018 was reviewed and approved by the Committee as presented.

Report of
May 16, 2018
Approved

Board of Directors President Bob Kelso and Director Ken Andrews were in attendance. No comments were offered at this time.

Residents'
Forum

Director Neff summarized staff's Summary Report regarding possible revision of the previously approved recommendation to include a Market Adjustment pool of \$60,000 in the 2019 budget. After a motion duly made, seconded, and discussed, the Compensation Committee voted unanimously to recommend to the Board of Directors that the 2019 budget include a Market Adjustment pool of \$130,000.

Old Business:
a) Market
Adjustment
Pool Funding

Ms. Perkins presented information comparing relative costs of the CPI-U and ECI as the basis of wage adjustments, and a summary of previous Committee meeting comments regarding market adjustment funding, as context for a discussion of budget principles. The discussion included trial reports from Director Brown, using the web-based tool he has developed. The sense of the meeting was that salary administration and budget funding are very separate actions, based on separate philosophies. Board President Kelso reminded the Committee that there could be some processes which might be amenable to automation at some point in the future.

New Business
Discussion of
Wage-Related
Budget
Principles

The sense of the Committee was that the base wage increase and market adjustment pools as adopted should be recommended to the Board as budget principles for the 2019 budget. Additional discussions regarding developing on-going budget principles can take place after the 2019 budget is finalized at the September 27, 2018 meeting.

Next Meeting

The next meeting of the Compensation Committee will be at 9:00 a.m. on Thursday, July 19, 2018, in the Board Room at the Gateway Administration Building.

Recess or
Adjournment

The meeting was adjourned at 2:45 p.m.

Mary Neff, Chair
Compensation Committee

Meeting Date: July 19, 2018

SUMMARY REPORT
GOLDEN RAIN FOUNDATION COMPENSATION COMMITTEE

REPORT PREPARED BY: Judith Perkins, Sr. Manager Human Resources

REQUESTED ACTION/RECOMMENDATION:

Recommend to the Board of Directors that GRF increase the non-represented employee benefits program budget for 2019 by \$92,000, 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 health 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. 2018 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.

5 a: Non-Represented
Employee Benefits

Table 1 a: Benefits Eligible Employees as of June 1, 2018	
Benefit	GRF Budget
Medical	68
Dental & Vision	55
Other Benefits	68
Table 1 b: Benefits Enrollment as of DATE, 2018	
Benefit	GRF
Core HMO	7
Buy-Up HMO	46
High Deductible Plan	0
Dental	56.5
VSP	49

Rate Changes

Actual 2019 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 2019 may vary.

Table 2: 2019 Projected Rate Increases by Benefit							
Benefit	Medical	Dental	Vision	Life/AD&D	LTD	EAP	Total
OPERATING BUDGET							
2018 Budget	\$ 835,000	\$ 55,000	\$ 6,200	\$ 31,000	\$16,000	\$3,000	
Projected Increase Range	5% - 9%	18-21%	Flat (rate guarantee)	10%	10%	Flat (rate guarantee)	
* Projected 2019 Budget	\$910,000	\$67,000	Same as 2018	\$ 34,000	18,000	Same as 2018	

* All projected cost figures are based on the preliminary high-end range estimate and rounded to next thousand.

Based on these preliminary rate increase projections, the estimated total increase anticipated during 2019 is \$92,000 (rounded to thousands). 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 adjustments. Historically, early projections have been high and we eventually lock in lower increases than the initial upper projections, reducing the budgeted amounts and potential coupon increases. This generally occurs before the draft budget is presented for approval at the Board of Director's September month-end meeting.

503

5 a: Non-Represented
Employee Benefits

CRITERIA	Project:
Financial Impact	\$92,000 estimated increase in benefits program costs
Operational Efficiencies	
Dependencies	
Subsequent Actions	Recommend to Board of Directors at the July 26, 2018 meeting.
Alternatives/Options	
Time-Frame	
Advantages/Benefits	
Disadvantages/Risks	

Meeting Date: July 19, 2018

**SUMMARY REPORT
GOLDEN RAIN FOUNDATION COMPENSATION COMMITTEE**

REPORT PREPARED BY: Judith Perkins, Sr. Manager Human Resources

REQUESTED ACTION/RECOMMENDATION:

Recommend to the Board of Directors that 2019 GRF operations budget include \$180,000 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, provided for the formulaic increases in the Foundation's contributions to both Health and Welfare (H&W) and pension expenses, capped at an 80%/20% split.

The Foundation is currently in negotiations with Local 324, AFL-CIO. Pending ratification of the Foundation's current offer, staff recommends the Compensation

5 b: Union Cost Increases

Committee recommend to the Board that a maximum increase of \$180,000 be allocated in the 2019 budget for cost increases related to the GRF operations budgeted-represented employees. The breakdown of these costs is as follows:

3.2% wage increase	\$77,000
H&W premium	\$47,000
Pension	\$55,000
Shift Differential	\$1,000
Total	\$180,000

Figures rounded to nearest thousand.

ATTACHMENTS: CBA Amendment 3

CRITERIA	Project:
Financial Impact	\$180,000 increase in union costs
Operational Efficiencies	
Dependencies	Final amount could change depending on outcome of negotiations
Subsequent Actions	Present to Board at July 26, 2018, meeting
Alternatives/Options	
Time-Frame	
Advantages/Benefits	
Disadvantages/Risks	

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 31st 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, 2016 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 Shoes 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 LeMolne, Business Manager

Date: 11-26-2014

Meeting Date: July 19, 2018

SUMMARY REPORT
GOLDEN RAIN FOUNDATION COMPENSATION COMMITTEE

REPORT PREPARED BY: Judith Perkins, Sr. Manager Human Resources

REQUESTED ACTION/RECOMMENDATION:

Recommend to the Board of Directors that funds be allocated in the 2019 budget to allow for an increase in CEO wages of up to 3.2% (\$8,182), consistent with that of other employee, as well as an increase of up to 5% (\$12,784) 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 line item increase of \$30,966, all subject to the final determination of such increases by the Board at their November-December 2018 meeting.

BACKGROUND:

The CEO's current (2018) compensation package consists of an annual salary of \$255,680. 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 2018, and will decide at that time what, if any, changes should be made to the CEO's compensation.

CRITERIA	Project: Potential CEO Wage Adjustments, 2019 Budget
Financial Impact	As proposed, \$30,966 available for 2019 wage adjustments for the CEO
Operational Efficiencies	
Dependencies	
Subsequent Actions	Present to Board at July 26, 2018 meeting
Alternatives/Options	Different amount; no adjustment funds budgeted
Time-Frame	
Advantages/Benefits	Maintains market-appropriate salary, provides for additional recognition as determined by Board of Directors
Disadvantages/Risks	