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## WORK SESSION MINUTES

### ATTENDEES

Board Members Present: Susan Kiefer (President), Cathy Shaw (Vice President), Jill Turner, George Prokop, and Eric Dziura.

Also present: Laurie Grenya, HR Answers; Kari May (Library Director); Lisa Marston (District Administrator); Claudine Taillac (Assistant Director, Public Services); Carey Hunt (Assistant Director, Support Services); Kristin Anderson (Area Manager); Crystal Stroud (Library Operations Manager); Terra McLeod (Area Manager), Ron Sharp (IT Manager), Cathy de Wolfe (JCLD Budget Committee Member); and Ann Magill (JCLS Volunteer).

### CALL TO ORDER

Vice President Cathy Shaw called the meeting to order at 4:00 p.m. and introduced Laurie Grenya, co-President of HR Answers.

Referenced throughout the work session were the following materials that were included in the agenda packet:

- Total Compensation Philosophy Statement
- JCLS Service Plan (staffing), including new positions
- Proposed Organizational Structure
- Salary Schedule (hourly, monthly, annually)
- Job placement within the salary structure
- Total compensation options and cost scenarios
- HR Answers Salary and Benefits Survey and Recommendations

First, Ms. Grenya reviewed the policies, plans and goals that were used in developing the salary and benefit recommendations presented in the work session materials. Primary goals included ensuring the organization's financial sustainability, planning for future growth and expanded hours, following the District's total compensation philosophy, and keeping personnel costs at or under \$6 million. When Director Dziura asked how the \$6 million amount was determined, staff stated that \$6 million represents approximately 58% of the District's operating budget for Fiscal Year 2020-2021. Although personnel costs often account for a much larger portion of an organization's budget, JCLS is unique in that it has 15 buildings to maintain, clean, secure, and power. Therefore, the District needs to control personnel costs more diligently than other entities with similar tax revenue but fewer fixed assets.

Included below is a summary of the salary and benefit recommendations, along with key points and the general substance of the Board's discussion.

## **I. JCLS Service Plan (staffing levels) and Organizational Structure**

Questions from Board members prompted a brief discussion about the new positions that had been added to the staffing plan. Library Director May explained the reasons behind each new position. Ms. Grenya emphasized the importance of onsite human resources. When Director Prokop said he expected to see HR report directly to the Library Director, Ms. Grenya said that placement within Administrative Services is what she most commonly sees, adding that there should always be an open line of communication between the Director and HR.

## **II. Proposed Salary Schedule**

As Ms. Grenya explained, the proposed salary schedule uses a base salary of \$12.75 to stay a few years ahead of increases in Oregon's minimum wage. Currently, the jobs are placed within the salary schedule in such a way that the lowest starting wage would be \$14.06/hour.

Referring to the salary schedule included in the packet, Ms. Grenya pointed out where the market reference point falls. Since the reference point is in the middle of the spread, it allows the District to hire and compensate above and below market. Although the 25% spread is lower than normal (normal spread is 32%), Ms. Grenya said it is a good start and, in time, the schedule could grow to that level. The spread between the grades is 5% and the distance between each step within a grade is 1.5%, which allows more flexibility during lean times.

## **III. Job Placement Within the Salary Structure**

Next, Ms. Grenya reviewed the job placement handout that was included in the agenda packet. Because of pay equity, the market is extremely volatile right now. This volatility has made it particularly difficult to determine the average market rate for some positions. Market is not the only factor that is used for job placement. The organization's hierarchy and the relationship between positions also determines where jobs are placed. Ms. Grenya used the Library Associate 1, 2 and 3 positions as an example of a job classification that has a natural progression.

When Director Turner asked whether some employees could wind up making less money under the new salary structure, Ms. Grenya emphasized the fact that information regarding current salaries was not made available to the District. Moreover, under pay equity, the District is an entirely new organization. That said, the District does have some leeway in job placement during the transition.

## **IV. Salary and Benefits Options and Cost Scenarios**

Ms. Grenya asked District Administrator Marston to explain the financial model used to create the various cost scenarios included in the agenda packet. Ms. Marston started by reviewing the assumptions and information included on page 14 of the packet. She then spoke about health insurance being the most expensive employee benefit. The health plan premiums used in the model were based on a quote obtained from Special Districts Insurance Services (SDIS), which became self-insured in 2015. Usually, SDIS has the best rates, but due to some large claims in recent years, the rates have increased dramatically since 2018. Other reasons for the higher-

than-expected rate quote are the census data from LS&S, with 48 being the average age, and the District's lack of claims experience. Providers see this as a huge risk, especially in the first year. Ms. Grenya confirmed that employers are generally blind in the first year when it comes to calculating health insurance costs. Administrator Marston also pointed out that we will not know our real costs until all employees are hired and we can provide true census data and enrollment numbers to SDIS, as well as to our local broker who will be obtaining market quotes from other providers for comparison.

Regarding the actual health plans, SDIS generally allows an employer to offer two plans; with a waiver, three plans. The cost scenarios in the packet were based on three different plans: one high-deductible plan with a \$3,000 deductible; and two with a \$1,500 deductible but varying co-payment percentages. Essentially, we would like to be able to offer more than one plan at different cost points so employees can choose the best plan for them.

**A. Cost share split for medical, dental, and vision insurance plan premiums**

HR Answers had recommended, during the November 14, 2019 work session, a cost share split of 90%/10% for full-time employees, with the employer paying 90% of the employee's health insurance cost. This recommendation was used to run the various cost scenarios. For part-time employees, it was recommended that the employer cover a smaller share of the cost, prompting a discussion about what that cost share would look like. Since, as Director Turner pointed out, the District wants to encourage employees to be insured, the Board members agreed on two tiers. For employees who work 30 to 40 hours per week, the District will pay 90% of the cost for employee-only health insurance; for employees who work 20 to 29 hours per week, the District's cost share would be 75%. Grenya explained that the amount covered for part time employees needs to be calculated as 75% of the 90% that the District would pay for a full time employee.

Next, the Board members discussed covering the cost of an employee's spouse, children or family added to the employee's health plan. Director Kiefer did not support having the District cover 90% of the employee and his or her family members. It was also noted that this level of cost share could be cost prohibitive for the District. It was also agreed, however, that the District would have difficulty attracting and retaining quality employees without some sort of cost share for employees wanting to provide health insurance coverage for family members. Director Turner suggested that the District cover 90% of the cost of the employee's insurance and a certain portion of the cost of the employee's dependents. In other words, the District would have a buy-up option that would be capped at a certain amount. Based on the costs of the health plans that were included on page 14 of the packet, Ms. Grenya recommended that the ceiling be capped at \$1,100, as a starting point. She arrived at this number by using the "employee + children" plan premium of \$1,086.27 under the high-deductible health plan option. Moreover, to offset the cost of the deductible, the District would offer a Health Savings Account, as depicted in the cost scenarios included in the packet.

## **B. Long term disability (LTD) insurance**

The two options under consideration were LTD commencing at 90 days or at 180 days. As Ms. Grenya described it, LTD is an important benefit that can be provided to employees at a relatively low cost. The Board members agreed, choosing to cover the cost of employees' LTD insurance at 90 days.

## **C. Life insurance**

The four options proposed for life insurance were \$10,000, \$20,000, \$50,000, and 1 X Annual Salary. Although Ms. Grenya spoke in favor of the 1 X Annual Salary option since life insurance is especially valuable for single-parent households, the Board opted to cover the cost of a \$20,000 policy and give employees the option to purchase a richer policy at their own cost.

## **D. Retirement contributions**

As Ms. Grenya recalled from the November 14, 2019 work session, the Board had talked about having the employee contribute 4% in order to get the District's 6% match. Another possibility was having the employee contribute 3%, which the District would match; then, if the employee contributed more, the District would match that additional contribution up to 3% for a total contribution of 6%. However, government employers in our market, Ms. Grenya stated, are contributing the 6% and not requiring employees to contribute. To do anything less could harm the District's employee recruitment and retention efforts. The Board agreed to contribute 6% to employees' retirement accounts.

Director Prokop suggested a way to match what other public employers in our area are doing, while also encouraging employees to save for retirement; namely, for every 1% the employee contributes into the 401(a) plan, the District will match .5%, up to 2%, so employees have the potential of having an 8% employer-paid contribution if they contribute at least 4%. This suggestion was accepted by the rest of the Board. Grenya also recommended providing an allowance of a one-time additional contribution by employees annually.

It was also mentioned that employees could contribute more, up to the maximum, prompting a brief discussion about offering a rollover account to employees who exceed the maximum. Also discussed with Ms. Grenya were different vesting scenarios. She said that what she sees most often is 3 years and 5 years. She also spoke about the importance of what goes into the plan documents and offered to discuss this further with staff.

## **E. Time off with pay**

The recommendations presented to the Board were based on HR Answers' recommendations in the November 14, 2019 work session packet. For sick leave, the recommended 12 days based on government data seemed excessive. Director Prokop suggested the mandated minimum of 8.6 days. The other Board members agreed. For vacation leave, the Board approved what HR Answers' recommendation:

First year following probation – 10 days  
1-4 years – 15 days  
5-10 years – 20 days  
More than 10 years – 25 days

For employees hired by the District as part of the transition, vacation accrual will start on Day 1. In the future, vacation accrual could start on Day 91, assuming a 90-Day probationary period. Ms. Grenya also noted that typically, accrual is based on hours worked, i.e., employees do not accrue while on vacation. She suggested we have a policy regarding how many days of successive leave are allowed. Finally, for paid holidays, the Board approved HR Answers' recommendation of 10 paid holidays, plus 1 floating holiday.

In closing, Ms. Grenya and staff reminded the Board that they will be asked to approve the District's salary schedule and employee benefits at the February 13, 2020 regular Board meeting. The Board members thanked Ms. Grenya for being here to guide the discussion and staff for the excellent Board packet materials.

**Adjournment**

Vice President Shaw adjourned the work session at 6:17 p.m.

/s/ Lisa Marston  
Recording Secretary