

AGENDA

**HUMAN RESOURCES COMMITTEE MEETING
LEUCADIA WASTEWATER DISTRICT**


Wednesday, October 7, 2015 – 8:00 a.m.
1960 La Costa Avenue, Carlsbad, CA 92009

*NOTE: ITEMS ON THE AGENDA MAY BE TAKEN OUT OF SEQUENTIAL ORDER
AS THEIR PRIORITY IS DETERMINED BY THE BOARD OF DIRECTORS*

- 1. Call to Order**
- 2. Roll Call**
- 3. Public Comment**
Anyone wishing to address the committee or bring an agenda item forward may do so.
- 4. New Business**
 - A. Recommend that the Board of Directors adopt Resolution No. 2266 – Adopting LWD's Revised Incentive Program. (Pages 2-12, Attachment)
- 5. Information items**
None.
- 6. Directors' Comments**
- 7. General Manager's Comments**
- 8. Adjournment**

MEMORANDUM

DATE: October 1, 2015
TO: Human Resources Committee
FROM: Paul J. Bushee, General Manager
SUBJECT: Revised LWD's Incentive Program

**RECOMMENDATION:**

Staff requests that the Human Resources Committee (HRC) recommends that the Board of Directors:

1. Adopt Resolution No. 2266 – Adopting LWD's Revised Incentive Program.
2. Discuss and take other action, as appropriate.

DISCUSSION:

This item was prompted by a discussion at the September 29, 2015 Employee Recognition Committee (ERC). At the meeting, the ERC discussed its future status as a Leucadia Wastewater District (LWD) standing committee as well as the future of the Employee of the Year award. Based on that discussion, both staff and the ERC agreed the Employee of the Year award has run its useful course and that staff should work through the HRC and Board to remove this item from LWD's Incentive Program.

In terms of timing, the nomination process for Employee of the Year typically occurs in mid-October of each year; therefore staff has placed this recommendation before the HRC this month in an effort to get resolution of this matter and provide appropriate guidance to staff.

The incentive program was originally adopted in 2003 and was last updated in 2006. Since the program has not been updated in the past 9 years, staff is recommending that several other components of the policy also be revisited. These include:

- Eliminate Employee of the Year Award
- Modify Spill Incentive Criteria
- Partially Adjust Incentive Amounts for Inflation
- Modify State Award Incentive
- Add 40 Year Service Milestone

Attached please find a strikeout/bold version of the recommended changes for your review. A brief explanation of each is as follows:

Eliminate Employee of the Year Award

The Employee of the Year Award was established to recognize the outstanding performance of an LWD employee based on nominations submitted by his/her peers. This award recognized employees who have exhibited not only outstanding job performance but also those who have performed above and beyond their normal duties.

For many years this award has been a notable part of our Holiday celebration. However, in recent years, the process has become more challenging due to the small number of eligible LWD employees and our overall emphasis on "team performance". In addition, staff and the ERC believe that the

method of selecting the most deserving nominee may at times be difficult since members of the nomination review committee may not work closely with the nominee.

Action: Remove Employee of the Year Award from the Incentive Program.

Modify Criteria for Consecutive Years without a Spill

Eliminating spills is a top priority for LWD and this organizational objective provides monetary incentives for meeting annual milestones for minimizing or eliminating spills. Under the current policy, LWD's spill record is compared with 13 other similar sized agencies in the San Diego Regional Water Quality Control Board regions (Region 9) on a fiscal year basis. A metric is used that weighs the number of spills by 40% and the volume spilled by 60%. The volume component was originally intended to reflect LWD's response to spills and our ability to minimize the volume spilled. An incentive award is achieved if LWD ranks in the top 3 of the 14 organizations compared.

This metric has been in place since 2003 and staff believes that it has run its useful course. During the first several years of the program the Regional Board would annually post the spill data on its website and it was easily accessible. Under the Statewide Waste Discharge Requirements, the data has been much more difficult to access on the state's data base. In addition, it has become much clearer over the years that the volume spilled has much more to do with the location of the spill than LWD's response time. For example, a spill on a large forcemain would have a much higher volume in a short period of time than a spill on a gravity line with only a few homes feeding into it.

Action: Simplify the spill objective by eliminating the agency comparison and metric; thereby providing monetary incentives if LWD achieves no spills on annual basis. This would align the spill incentive to the methodology used for the "No Lost Time" and "No Vehicle Accidents" incentives.

Partially Adjust Incentive Awards for Inflation

The Incentive Program was initially adopted by the Board of Directors in November 2003. The incentive award amounts have not been adjusted for 12 years. Staff has researched the consumer price index and found that it has increased approximately 32% from November 2003 through August 2015. Staff is recommending that the incentive award amounts be increased by 15%, or roughly half of the CPI increase, to partially offset the time value of money.

Action: Adjust Incentive award amounts by 15% to partially account for the time value of money.

Modify State Award Incentive"

The existing policy includes a monetary incentive of \$200 for receiving an "honorable mention" in a statewide competitive award process. Staff is not aware of any state award process that recognizes agencies for honorable mention and LWD has never awarded an incentive for a statewide honorable mention. Staff does not believe the honorable mention incentive is applicable to LWD and recommends that this objective be eliminated from the Incentive Program.

Action: Eliminate the "Honorable Mention" award from the incentive program along with its monetary award.

Add 40 Year Service Milestone

The Service Award recognizes years of service as an employee. The reason for this proposed change is that the existing Service Award objectives caps at 35 years of service. LWD has 1 employee who is presently at 35 years of service and could conceivably serve beyond 40 years. Staff is recommending a 40 Years of Service milestone to allow an award mechanism under the Incentive Program if and when that milestone is achieved.

Action: Add 40 Year Service Milestone

In summary, this issue was prompted by the recommendation to eliminate the Employee of the Year award and the time issues associated with it. In addition, it has been a number of years since the Incentive Program has been updated, therefore staff is recommending a more comprehensive update to bring the policy in-line with LWD's current operating strategies.

FISCAL IMPACT:

The recommended Incentive Program is "at risk" and monetary incentives are received only if specific objectives are achieved. The recommended program will likely have a higher fiscal impact, however staff believes this impact will be minor and dependent on LWD's success. The FY 2016 budget contains funding for any awards that would be achieved under the recommended program.

cal:PJB
Attachment

RESOLUTION NO. 2266

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LEUCADIA WASTEWATER DISTRICT
ADOPTING THE REVISED LWD INCENTIVE PROGRAM**

WHEREAS, it is the mission of the Leucadia Wastewater District (LWD) to collect, transport, recycle and dispose of wastewater in the safest, most reliable, most effective, cost efficient, and environmentally sensitive manner; and

WHEREAS, the LWD employees are competent, professional and capable individuals who make vital contributions on a daily basis to protect the public health of the community and carry out the District mission; and

WHEREAS, the Board of Directors recognize that employees should be rewarded for both individual and organizational accomplishments and performance; and

WHEREAS, the Board of Directors established an Incentive Program in 2003 to provide appropriate reward and recognition to employees and to assure that LWD has the highest qualified workforce able to provide superior service to District residents; and

WHEREAS, the Incentive Program was last updated in 2006; and

WHEREAS, revisions are required to update and revise award categories and incentives.

NOW, THEREFORE, it is resolved as follows:

1. The Revised LWD Incentive Program attached hereto as Exhibit "A" is hereby approved and adopted.

Passed and Adopted by the Board of Directors of the Leucadia Wastewater District this 14th day of October, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Allan Juliussen, President

ATTEST:

Paul Bushee, General Manager

(SEAL)



Incentive Program

Adopted: November 12, 2003

~~Last~~ Revised: September 14, 2005

Revised: September 13, 2006

Revised: October 14, 2015

Part I

Individual Incentive Program Elements

Individual Incentive Program Elements

- **Exceptional Service Award**

Award recognizing outstanding service and dedication. Criteria for award and evaluation are determined by General Manager, and may vary from year to year. Recipients will be recognized by the Board of Directors and receive a one-time \$500 incentive award.

- **Cost Savings Suggestion Award**

Board Resolution 731 provides for sharing cost savings with employees who through innovative practices, ideas or suggestions save the District money. Eligibility for cost sharing will be evaluated on a case-by-case basis by the General Manager and reviewed by the Employee Recognition Committee. Final approval and determination of amount of award will require Board of Directors approval.

- **Service Award**

The Service Award recognizes years of service as an employee. Award of a service award requires approval of the General Manager. Recipients will be recognized by the Board of Directors and receive one-time award in accordance with the following schedule:

Years of Service	Amount of Award
5 yrs	\$100 <u>\$115</u>
10 yrs	\$200 <u>\$230</u>
15 yrs	\$300 <u>\$345</u>
20 yrs	\$400 <u>\$460</u>
25 yrs	\$500 <u>\$575</u>
30 yrs	\$750 <u>\$860</u>
35 yrs	\$1000 <u>\$1150</u>
<u>40 yrs</u>	<u>\$1500</u>

- **Professional Achievement Award**

The Professional Achievement Award recognizes individual accomplishments in the area of work related professional development such as education or technical certification. Eligibility for the Professional Achievement Award will be determined by the General Manager. Recipients will be recognized by the Board of Directors and receive a one-time award in accordance with the following schedule:

<u>Achievement</u>	<u>Amount of Award</u>
Professional certification	\$500 <u>\$575</u>
Associates Degree (AA)	\$750 <u>\$860</u>
Bachelors Degree (BA/BS)	\$1,000 <u>\$1150</u>
Masters Degree (MA/MS/MBA)	\$2,000 <u>\$2300</u>

- ~~Employee of the Year Award~~

~~Recipient must be nominated by employees. Candidates will be evaluated by a committee comprised of employees, and the Employee Recognition Committee. Final award will be approved by the Board of Directors. Recipient will be recognized by the Board of Directors and receive a one-time award of \$1,000.~~

Part II

Organizational Performance Objectives

LEUCADIA WASTEWATER DISTRICT
Organizational Performance Objectives

Single Year Objectives				
Organizational Goal(s) Supported	Objective	Exceptional	Achievement Level	
			Outstanding	Above-Average
Protection of the Environment Protection of private & personal property Protection of public assets	<p style="text-align: center;">I</p> <p>Achieve highest level Region 9 RWQCB collection system performance ranking</p> <p>* Comparative to other similar size systems * Total of 14 agencies ranked * Ranking must be in 1-3 position * Ranking methodology includes weighted average of number of spills in FY and the severity of spills (volume)</p> <p>Achieve highest number of consecutive years without a reportable spill</p>	Rank is #1	Rank is #2	Rank is #3
		Incentive Award		
		\$1,000	\$750	\$500
		1 Year \$1,150	2 Years \$1,150	3-5 Years \$1,500
Protection of the Environment Protection of private & personal property Protection of public assets Maintain a safe & healthy workplace	<p style="text-align: center;">II</p> <p>Cost Sharing of CSRMA retrospective refunds or dividends</p> <p>* Includes Liability & Workers Compensation * Exhibit 1 - historical refund data * Funding source is the actual refund amount</p>			
		Incentive Award		
		50% share of total amount refunded		
Protection of the Environment Protection of private & personal property Protection of public assets Maintain a safe & healthy workplace	<p style="text-align: center;">III</p> <p>Recognition Award * External recognition * CWEA, CASA, CSDA or others</p>	State Award 1st Place	State Award Honorable mention	Local Award 1st Place
		Incentive Award		
		\$300	\$200	\$100
		\$345		\$115

Note: Incentive award amount is per eligible employee

LEUCADIA WASTEWATER DISTRICT

Organizational Performance Objectives

Multi- Year Objectives

Organizational Goal(s) Supported	Objective	Achievement Level		
Maintain a safe & healthy workplace Protection of public assets Promotes staff development	IV Achieve highest number of consecutive years without a lost time injury	1 Year	2 Years	3-4 Years
		\$300	\$500	\$1,000
		\$345	\$575	\$1,150
		5-9 Years	10 - 14 Years	15+ Years
		\$1,200	\$1,500	TBD
		\$1,380	\$1,725	
Maintain a safe & healthy workplace Protection of private & personal property Protection of public assets	V Achieve highest number of consecutive years without a vehicle accident	1 Year	2 Years	3-4 Years
		\$250	\$375	\$500
		\$285	\$430	\$575
		5-9 Years	10 - 14 Years	15+ Years
		\$750	\$1,000	TBD
		\$860	\$1,150	

Note: (1) Incentive award amount is per eligible employee.