

MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
Special Board Meeting
September 29, 2020

- A. CALL TO ORDER:** The meeting was called to order at 5:15 p.m. by President Parker, as authorized by the State of California Executive Order N-25-20 via teleconference, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.
- B. ROLL CALL: Present in Person:** Vice President Jerry Buzzetta, and Director Mike Alcorn, Director Judi Johnson, and President James Parker. **Present Via Teleconference:** Director Ann Ross.
- C. PLEDGE OF ALLEGIANCE:** Director Buzzetta led Directors, staff, and public in the Pledge of Allegiance.
- D. APPROVAL OF AGENDA:** Upon motion made by Director Johnson, seconded by Director Alcorn, for which President Parker then took a roll call vote as follows: Director Alcorn (MA), yes; Director Buzzetta (JB), yes; Director Johnson (JJ), yes; Director Ross (AR), yes; and President Parker (JP), yes; the motion was carried 5-0 to approve the Special Meeting Agenda.
- E. PUBLIC COMMENTS and AUDIENCE INTRODUCTIONS:** The Board welcomed members of the public and opened the meeting to public comments regarding matters not itemized on the agenda. No public comment was made. General Manager/Secretary Lander noted that there were public in attendance of the meeting, as well as Howell Southmayd from Keenan and Associates, via teleconference

Staff Present for Open Session: In Person: General Manager/Secretary Drew Lander, Executive Assistant/Stenographer Carol Porteur, Finance & Human Resource Manager Travis Foster, and Associate Engineer Rob Hillebrecht. **Via Teleconference:** Attorney Heidi Quinn.

F. NEW BUSINESS:

- 1. KEENAN & ASSOCIATES BENEFIT PROPOSAL – DIRECT THE GENERAL MANAGER TO MAKE CHANGES TO THE DISTRICT DENTAL, VISION, AND LIFE INSURANCE BENEFITS AS PRESENTED. CONSIDER AND APPROVE THE ESTABLISHMENT OF HEALTH REIMBURSEMENT ARRANGEMENT (HRA) FOR ALL DISTRICT EMPLOYEES:** General Manager/Secretary Lander explained that Keenan & Associates (K&A) specializes in broker/consultant services and presently is serving over 950 public agency clients in California. At no cost to the District, K&A evaluated the Dental, Vision, and Life Insurance benefits provided by the District and made recommendations for providers where benefits can be improved or maintained at lower operating cost.

District benefits may be modified as needed by the Board at any time and are not subject to the Collective Bargaining Agreement entered into between staff and the District on June 18, 2019. The Employee and Personnel committee met on September 10th to review these proposed benefits.

After review of the SSCWD benefits, K&A has provided a recommendation for improved services. Summary pages were provided with a detailed explanation of benefits. The requested changes are listed below:

1. Change Dental providers to Principal Financial Dental Plan for a savings of

\$12,616.92 annually, (30.47% cost reduction). This program increases benefits and availability of dental offices who accept the plan in the Hollister area. Adult Orthodontia is not provided under this plan, however. This is only a one-time \$1,500 reduction in benefits for any staff member who may be interested in this service. Dependent children orthodontia is included. To offset this minor service reduction staff recommends the utilization of a Health Reimbursement Arrangement (HRA) which is defined later in this staff report.

2. Change Vision providers to the Principal Financial Vision Plan for a savings of \$899.40 annually, (22.72% cost reduction). This plan decreases copays and improves the frequency that an employee may buy glasses for the reduced price. It is the exact same VSP insurance the District currently has and is accepted by the same service providers, only for less cost and with improved benefits.
3. Change Group Life/AD&D insurance to Principal Financial for a savings of \$149.31 annually, (5.77% cost reduction). This life insurance is exactly the same as the Nationwide program the District started with this year. Nationwide recently notified the District that as of next year their company most likely will leave the life insurance markets so this plan is needed to replace Nationwide, and it is at an even lower cost.
4. Provide Voluntary Life Insurance to all employees through Principal Financial. The District currently does not offer voluntary life insurance to employees. Principal Financial offers pooled rates which are lower than published rates of non-pooled insurance providers. These services are voluntary, so they do not have a cost for the District but the ability to purchase thru this program is only available through the District. Employees may purchase these services as they wish, up to \$300,000 of coverage.
5. K&A also has provided the District with a partnership with Building Blocks for Business (BB4B). At no cost to the District, BB4B provides a positive and engaging enrollment experience for all district employees. They will meet with staff individually or with their spouse, to review all benefits provided and to explain all of the provided benefits. This program will greatly improve staff understanding of benefits and how to use them.
6. BB4B is a Colonial Life broker. At no cost to the District, Colonial Life will provide additional flexible benefit plans which employees may take advantage of at a discount. This offering is not described in detail here but the program is voluntary for all staff and provides more options for employees to save money on programs which may be useful to them.

K&A has guaranteed the offered rates as fixed for 2 years and historically they have maintained benefit increases to significantly lower than 5% increase in subsequent years. K&A will continue to review benefit providers to give the District the best options for cost for service.

The HRA program is gateway to establishing a robust “cafeteria plan” for medical expenses in the future. Unlike a Flexible Savings Account (FSA), which is an available option with BB4B benefits, the HRA allows employees to roll over any unspent funds that are allocated to the account. Only the employer can fund the HRA, however employees may allocate any amount to be placed into the HRA during open enrollment once a year. This money is pre-tax and can be used tax free for Health-related expenses. The use of the HRA program will increase employee flexibility for health-related

expenses and the program will also reduce employment taxes accrued by both the employee and the District. Provision 5019.4 of the Employee Handbook providing the \$500 per month benefit to be used towards “the cost of any dependent insurance coverage”, will be revised to provide the flexibility to contribute the \$500 per month towards an employee’s HRA as an option during open enrollment.

General Manager/Secretary Lander stated that implementation of the HRA program as described will cost the District \$1,380 annually to administer, with an additional \$4,140 annual expense to be directly applied to the employee HRA (proposed as a baseline \$15/mo. per employee) to fund the HRA.

Director Alcorn asked if the HRA benefit would affect the CalPERS contributions and Howell Southmayd from Keenan and Associates stated that it would not increase the OPEB liability. Director Alcorn also asked if an employee was to leave the District, if the District would still be liable to continue with the HRA service fee, and Mr. Southmayd stated that if the employee was no longer employed by the District, the fee could be converted over to the individual employee’s accrued account.

Mr. Southmayd explained to the Board that the HRA is beneficial to the employee and the District, as the monies are tax deferred for both. It is a plan that can be used for medical insurance, medical expenses, and medical supplies. The plan is portable and has more functionality than an FSA and can be carried on after retirement. The plan is administered by an outside agency who takes care of all tax related forms for the District as well as the paper work for the employee.

Director Buzzetta stated that this program would currently be saving the District money, but asked if in the foreseeable future if the transition would become more costly. General Manager/Secretary Lander explained that even with a 5% increase after the first two years, it would take six years to bring it to the cost the District is currently paying. Mr. Lander also stated that taking this step would reduce cost, and an additional benefit is having Keenan and Associates, as they are constantly negotiating the rates to keep them low.

Upon a motion made by Director Johnson, to direct the General Manager to make changes to the District Dental, Vision, and Life Insurance Benefits as presented; and to approve the establishment of Health Reimbursement Arrangement (HRA) for all District employees, seconded by Director Buzzetta, for which President Parker then took a roll call vote as follows: Director Alcorn (MA), yes; Director Buzzetta (JB), yes; Director Johnson (JJ), yes; Director Ross (AR), yes; and President Parker (JP), yes; the motion carried 5-0.

2. SPECIAL AGREEMENT, DISTRICT CODE 3.40.070 – CONSIDER GRANTING A VARIANCE TO DISTRICT CODE 3.40.020 TO ALLOW INSTALLATION OF A THREE INCH BADGER E-SERIES ULTRASONIC WATER METER RATHER THAN A THREE INCH COMPOUND WATER METER FOR THE SANTANA RANCH SCHOOL IRRIGATION AND LANDSCAPE:

General Manager/Secretary Lander explained that General Provisions Code 1.05.070 – Design and Construction Standards is a more suitable code rather than Code 3.40.070 – Special Agreements – Authority of District, with regard to Code 3.40.020 stated in the staff report.

Associate Engineer Hillebrecht stated that the Santana Ranch Elementary School currently under construction near the corner of Sunnyslope Rd. and Fairview Rd. has

requested a three-inch water meter for their dedicated landscape and irrigation water service. To increase accuracy of readings at both high and low flows through these larger meters District Code 3.40.020 states "...Meters three inch and larger require compound meters..." However, Badger Meter offers a three-inch E-Series ultrasonic water meter that uses the same technology as the new ¾-inch through 2-inch meters installed in the District. Mr. Hillebrecht explained that the attached are excerpts from the manufacturer specifications and they reveal that the capabilities of the ultrasonic meter are very similar to and in some cases superior to that of the compound meter. The E-Series Ultrasonic meter uses no moving parts that would be subject to wear, whereas the Recordall Compound Series meter has a complex design with various parts that are more subject to malfunction.

Staff has analyzed the benefits of both meters and finds evidence that the Three-Inch Badger E-Series Ultrasonic Meter meets the intent of District Code 3.40.020 at the anticipated flow rates for the proposed service. This meter will provide accuracies sufficient to document water use.

District Code 1.05.070 allows the District to grant special conditions associated with services. Staff recommends the board authorize a modification of code section 3.40.020 and allow staff to recommend the Three-Inch Badger E-Series Ultrasonic Meter in place of a compound meter.

Associate Engineer Hillebrecht stated that the initial purchase of either the E-Series or Recordall Compound Series carries no fiscal impact as the purchase cost of the meter is covered in the Meter Installation Fee. Meter replacement cost after its useful life (about 15 years for each) will be borne by the District. Meter accuracies are similar enough to have little effect on the amount of water metered and billed.

Director Buzzetta asked if the meter replacement, after the useful life span at the District's expense, is included in the capital plan and Associate Engineer Hillebrecht stated that it is. The question was asked about the estimated cost of replacement and although that information was not readily available, General Manager/Secretary Lander estimated the cost to be approximately \$1,000 per meter and stated that the E-Series meter is less expensive than the compound meters.

Upon a motion made by Director Alcorn, to grant a variance to District Code 3.40.020 to allow installation of a three inch Badger E-Series Ultrasonic water meter rather than a three inch compound water meter for the Santana Ranch School irrigation and landscape, seconded by Director Johnson , for which President Parker then took a roll call vote as follows: Director Alcorn (MA), yes; Director Buzzetta (JB), yes; Director Johnson (JJ), yes; Director Ross (AR), yes; and President Parker (JP), yes; the motion carried 5-0.

G. ADJORNMENT: President Parker adjourned the meeting at 5:49 p.m.

APPROVED BY THE BOARD:

James F. Parker, President

RESPECTFULLY SUBMITTED:

Drew A. Lander, Secretary