

**Minutes of Meeting
Administration, Personnel & Communications (APC) Committee
November 29, 2011 and December 7, 2011**

Present: APC Members Jan Neese, Judy Wallace, Lois Willis, Don Paczkowski and Chair Linda Wishard; Board Liaison Allan Hitchcock and General Manager Earl Foster. Board member Kay Andrews also attended.

The meeting was called to order at 5:05 p.m.

AGENDA ITEMS:

COMPENSATION AND BENEFITS SURVEY

The APC members agreed that we need to give feedback to the two finalists (Intelligent Compensation LLC, and the Penicle Group) who were interviewed about conducting the survey. Their proposals ranged between \$18,000 and \$28,000, and we cannot recommend spending that much on the survey. At the last APC meeting, Foster said he would try to obtain a copy of the survey conducted by the Texas Rural Water Association (TRWA), and we would then determine whether we needed to incur expenses for a custom survey. However, Foster said that he had asked his contact at TRWA twice for a copy of their survey and still has not received it.

Foster reported that, based on current drought projections, the District will likely be hit with a pro-rata curtailment which will require a 20% reduction in water use. This would result in significant revenue reductions which would require us to also reduce expenses.

Foster gave the APC members a spreadsheet showing the total compensation of all District employees. It was noted that benefits represent about 30% of total compensation of each employee. Because of this significant cost, the committee agreed that we definitely need solid competitive data in order to know how we compare to our competitor/comparator organizations. We agreed that this is the only way we can make an informed decision about whether to reduce compensation and benefit costs.

Andrews said that she has spoken to some of her peers at other MUDs to ask if they would share their compensation/benefit data. When she told them we were thinking of conducting a survey, some asked if we would share the data with them. As a result, Andrews suggested that some of them might be willing to partner with us to conduct the survey (and thus share in the cost). The committee members agreed that this idea had merit but felt that it would likely be fairly cumbersome from a legal and administrative standpoint.

Paczkowski suggested that we ask Penicle (the lowest-cost bidder) to lower their cost from their original quote of almost \$19,000. Foster volunteered to call and try to negotiate the cost down to between \$10,000 and \$15,000. The negotiation will include that the APC will assist in developing the benefit portion of the survey (since Penicle has much more experience in cash compensation than benefits) and that we be allowed to pay for the survey in two installments – part in this fiscal year and part in FY2013. Foster will email the APC members about the outcome of his discussion with Penicle.

PERSONNEL POLICY MANUAL

The APC members agreed that the review of the first three sections of the manual is complete. Foster will provide the committee members with a list of any items he feels should be added to or deleted from the manual and Wishard will use that input to make revisions to the next three sections. Wishard will provide the committee members and Foster with a draft prior to the next APC meeting, which is scheduled for Tuesday, January 17, 2012.

With no further business to be discussed, the meeting was adjourned at 6:50 p.m.

Submitted by Judy Wallace