

Approved September 28, 2011

## WEST BAY SANITARY DISTRICT FOR THE DISTRICT BOARD

### EMPLOYEE COMPENSATION POLICY

The Board of Directors of the West Bay Sanitary District (“District”) hereby adopts this policy concerning the compensation of its employees. The District’s Board of Directors shall observe this policy when adopting compensation plans and contracts covering District employees.

#### Core Principles

Principle No. 1 – Recruitment and Retention: Compensation should, when economically feasible, be set at a level sufficient to recruit and retain employees who are qualified and committed to provide high quality services to the community. One critical measure of whether compensation meets this criterion is whether there are a sufficient number of qualified applicants for advertised job openings; another measure would be the employee turn-over ratio for the District.

Principle No. 2 – Fairness: The Board shall strive to ensure its compensation program is fair and equitable from all legitimate perspectives, including the perspectives of the community, labor and management. The District may choose to survey public and private employers to evaluate the appropriateness and fairness of its compensation program. The Board is directly accountable to the District’s constituents, and the Board accordingly retains the discretion to determine the fairness of all compensation programs.

Principle No. 3 – Transparency: Compensation for all District employees should be 100% transparent – i.e., the public should be able to see all pay elements, including the cost of all health, pension and welfare benefits, applicable to each employee. District pay packages should be simple and easily understood.

Principle No. 4 – Fiscal Sustainability: All compensation commitments must be made consistent with principles of fiscal sustainability and to ensure the District’s long term success in achieving its mission. Compensation adjustments must not compromise the District’s ability to successfully meet its ongoing and future financial commitments.

Principle No. 5 – Accountability: All compensation commitments must be expressly delineated and are subject to formal approval by the Board of Directors. The Board will not honor “implied” or unwritten contracts.

**Principle No. 6 – Performance Based Pay:** Whenever reasonably possible, compensation shall be tied to merit and performance. The District shall not permit pay increases based solely on the length of employment.

**Principle No. 7 – Economic Climate:** The District shall consider the overall economic climate and condition affecting the District and its constituents when setting compensation levels, including regional economic indicators such as the rate of unemployment, inflation, current and projected revenues, and the District's anticipated ability to pay in the long term.

**Principle No. 8 – Legal Compliance:** The District will ensure that its pay practices comport with the Fair Labor Standards Act and with State law. The District renews its commitment to negotiate in good faith with labor pursuant to the Meyers Milias Brown Act (“MMBA”), and to abide by all requirements of the MMBA.

**Principle No. 9 – Flexibility:** The District shall strive to remain flexible and innovative in light of changing conditions and improving technologies, and shall continually re-evaluate its pay practices to ensure they are consistent with best practices.