



## **Board of Directors Annual Compensation Adjustment Policy**

### **Purpose**

This policy establishes a consistent, objective, and transparent method for determining annual compensation adjustments for the Board of Directors. It aligns Board compensation practices with the methodology used for staff compensation adjustments and eliminates the need for recurring compensation surveys that have historically required significant staff time and consultant expenses.

### **Background**

Staff compensation adjustments are based on the Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) for the Riverside–San Bernardino–Ontario area, using the percentage change from September to September of the preceding twelve (12) month period.

Historically, staff prepared or commissioned compensation surveys comparing stipends and benefits across regional water purveyors and watermaster-type agencies. These surveys have become increasingly time-consuming and costly. To promote efficiency and consistency, the Board adopts the same CPI-based methodology used for staff.

California Water Code §20202 limits increase to Board member compensation to no more than 5% per calendar year, regardless of any CPI calculation.

### **Policy Statement**

The Board of Directors' annual compensation adjustment shall be based on the Bureau of Labor Statistics Consumer Price Index (CPI-U), Riverside–San Bernardino–Ontario area, using the percentage change from September to September of the preceding twelve (12) month period.

However, in accordance with California Water Code §20202, the Board's annual compensation increase shall not exceed 5% in any calendar year.

### **Annual Adjustment Process**

- Staff will obtain the official CPI-U percentage change for the Riverside–San Bernardino–Ontario region for the September-to-September period.
- The CPI-based percentage will be applied to the Board's current compensation.
- If the CPI-based percentage exceeds 5%, the adjustment will be capped at 5% to comply with state law.



- Adjustments will take effect July 1 unless otherwise directed by the Board.

### **Board Discretion**

The Board retains full discretion to:

- Accept the CPI-based adjustment, September-to-September (subject to the 5% statutory cap),
- Accept the full maximum allowable increase of 5%,
- Reduce the adjustment,
- Decline the adjustment for any given year.

Any deviation from the CPI-based adjustment shall be made by Board action in a public meeting.

### **Elimination of Compensation Surveys**

- Staff shall no longer be required to prepare or commission compensation surveys of other water purveyors or watermaster-type entities for the purpose of Board compensation adjustments.
- Surveys may still be conducted at the Board's discretion if a comprehensive review is desired, but such reviews are not required annually.

### **Transparency and Public Reporting**

- The CPI percentage and the resulting Board compensation adjustment (including any application of the 5% cap) will be reported annually during the Board meeting in which the adjustment is considered.
- Documentation of the CPI data source will be included in the public agenda materials.

### **Review of Policy**

This policy shall be reviewed at least once every five (5) years, or sooner if required by law or Board direction.