



REQUEST FOR PROPOSAL

CEO Evaluation & Compensation Services

Solicitation No.: R-17-016-PC

Addendum 1 | October 2, 2017

QUESTIONS AND ANSWERS

- Q1. Does the organization have a peer group for compensation comparison purposes already established that requires our review or does a peer group need to be developed?
- A1. SAWS has identified other peer group organizations for utility rate comparisons; however, these organizations may not all be appropriate--or may require adjustment--for compensation comparisons. Their scope, reporting structure and governance may differ. Past comparisons, conducted internally, have also included benchmarks of local public sector CEO/Presidents. Private sector information has been difficult to obtain by internal staff.
- Q2. Does the organization consider compensation paid to CEOs of both for-profit public-company peers and non-profit peers?
- A2. SAWS will be looking to the selected consultant for a recommended course of direction on this matter. However, we suspect that a blended approach may be necessary to encompass the entire scope and responsibility of the position, in a municipally-owned utility that operates separately from the municipal government.
- Q3. Does the organization currently have a compensation philosophy?
- A3. In the formal pay plan for employees, SAWS targets midpoint compensations levels at the 50th percentile for relevant labor markets. Managers may pay below, at, or above those levels based on the employee's experience and skill sets. The compensation philosophy for the CEO is determined solely at the discretion of the Board of Directors.
- Q4. For an assignment such as this, we would normally expect to conduct confidential one-on-one interviews with Board members and / or executives involved in the study. As noted in the RFP, the full Board may be included in these conversations. Additionally, the executive team in its

entirety may also be included as well. I am estimating 22 people in total: 7 Board members and 15 on the executive management team. Is that correct?

A4. There are 7 members of the Board, 1 CEO/President, and 14 executive members of the management team, one of whom (Audit) reports to both the CEO and the Board.

END OF QUESTIONS AND ANSWERS

END ADDENDUM I