

MINUTES OF LANE TRANSIT DISTRICT BOARD OF DIRECTORS
EXECUTIVE SEARCH COMMITTEE MEETING

January 13, 2011

Pursuant to notice given to *The Register-Guard* for publication on Wednesday, January 12, 2011, and distributed to persons on the mailing list of the District, a meeting of the Lane Transit District Board of Directors Executive Search Committee was held on Thursday, January 13, 2011, in the Conference Room at 3500 E 17th Avenue, Eugene.

Present: Michael Eyster, Chair
Michael Dubick
Greg Evans
Gary Gillespie
David Collier, Senior Human Resources Analyst
Jeanne Schapper, Clerk of the Board
Susan Oldland, Administrative Secretary, Human Resources/
Recording Secretary
Enrique Washington, Generator Group
Elaine Lees, Generator Group
Will Scott, Generator Group

Absent: Doris Towery

CALL TO ORDER: Mr. Eyster convened the meeting and called the roll at 9:07 a.m. Mr. Gillespie was present, and Mr. Dubick was present via telephone conference call. Mr. Evans was not yet present, but arrived later at 9:12 a.m.

PROCESS DISCUSSION WITH GENERAL MANAGER RECRUITMENT FIRM: The Generator Group recruitment team was present via conference phone. Mr. Collier explained that the purpose of this meeting was to confer with the Generator Group on a recruitment process strategy, and to present a selection process timeline for the Committee's reference. Mr. Collier explained that the timeline had shifted since Mr. Pangborn's retirement date would be June 30, 2011, and not June 1, 2011, as originally thought. Mr. Washington stated that six months would be a realistic timeframe for this type of recruitment process. The timeline Mr. Collier proposed would occur between January 13 and June 30, about a six-month period.

Mr. Washington asked if there would be any overlap between Mr. Pangborn's departure and the new general manager's arrival. Mr. Eyster stated that LTD and Mr. Pangborn are open to that possibility, depending on who is placed in the position. Mr. Washington pointed out that most executives typically give at least a four-week notice when leaving a position. Mr. Eyster noted that the timeline that Mr. Collier developed would accommodate this scenario, with the final selection and notification made to the candidate in mid-May.

Mr. Evans joined the meeting at 9:12 a.m.

Generator Group staff will be in Eugene on January 18 and 19 to interview selected Board members, employees, and community stakeholders, which is the first milestone on the timeline. Mr. Washington clarified that the goal of these interviews would be to capture the information they need to produce a comprehensive recruiting document for candidates. The document would provide details on LTD, the position, challenges the new general manager would face, living in Eugene, and

other relevant details. This document also would provide full disclosure and a realistic job preview. Mr. Washington explained that the Generator Group will send a packet of questions for each stakeholder group in advance of the January 18 and 19 interviews.

Mr. Eyster asked whether the Board's questions would address the entire Board or individual members. Mr. Washington clarified that, depending on time, interviews would be with pairs or individuals.

Ms. Lees explained that the Board would have to come to an agreement on the final document to allow the Generator Group to proceed with the recruitment. Mr. Eyster confirmed that the next Board meeting is January 19, and added that the Board has empowered the Committee to make decisions on its behalf.

Mr. Collier asked whether the Generator Group staff would stay for the Board meeting, since they are in town for the interviews that same day.

Mr. Eyster agreed that their attendance would be a good idea. Mr. Washington stated that he and his staff would be able to attend.

Mr. Washington stated that the goals for today's meeting include talking about the stakeholders that will be interviewed and discussing more details about the general manager position. He proceeded to ask questions about the position and asked the Committee members to provide their perspectives on how to maintain continuity with those positive aspects of the current manager, as well as gaps to fill with the incoming manager.

Mr. Evans said that he perceived that LTD's relationship with labor and some members of the business community had deteriorated, resulting in some lost opportunities. He expressed concern that LTD needed to be closer to its primary stakeholders, not politically distanced as has occurred recently. He added that the new general manager would need to possess the ability to pay attention to detail, particularly in regard to maintaining community and business relationships.

Mr. Eyster added that the primary source of LTD's operating budget is payroll taxes from these local businesses. He pointed out that due to LTD's severe budget situation and resulting staff layoffs, leadership and management have been working significantly more hours to cover the workload.

Mr. Gillespie stated that he would prefer that the candidates possess the current general manager's ability to relate to almost anyone on his/her level, and also be able to explain how decisions are made related to the system as a whole. He also is outgoing and able to speak to the community about services that LTD offers.

Mr. Eyster added that this ability is critically important. He explained that the current general manager followed a manager that did not understand the community and its culture.

Mr. Dubick expressed his agreement, and added that he feels it is important to hire someone with a passion and concern for the ridership and a down-to-earth nature similar to Mr. Pangborn's. Mr. Dubick also commented that LTD's managers and staff have appeared to function very well under Mr. Pangborn's leadership.

Mr. Washington asked what ratio of time the new manager would spend internally focused as compared to externally focused. Mr. Eyster replied that this question is difficult to answer since LTD

has sacrificed the recently vacated assistant general manager (AGM) position, which had historically focused on LTD's internal operations.

Mr. Evans clarified that the AGM position has remained unfilled due to the budget shortfalls, and to allow the new general manager to develop his or her own management structure. Mr. Evans indicated that the Board is uncertain whether this position would be filled in the near future, or whether the duties of the position will continue to be performed by one or more members of the Leadership team.

Mr. Dubick concurred that filling the assistant general manager position would not likely happen soon. He emphasized that if the position were to be filled, it should have a stronger component of community outreach, and the person should represent LTD well.

Mr. Eyster pointed out that executives in this community work 12- to 14-hour days, at least for the first year or two, working both internally and externally for their organization. Mr. Washington agreed that this workload is a realistic perspective of the position, and the incoming general manager should know this information coming in to the job.

Mr. Evans commented that LTD has a strong leadership team that is capable of managing the internal operations of the organization, which would support the general manager in sustaining a 70/30 ratio of external to internal focus. Mr. Washington concurred with the assessment of this ratio, based on his experience. The new general manager will have to determine who to rely on for what within the leadership team.

Mr. Washington asked the Committee members to describe how important it is to LTD that the new general manager has some knowledge or experience with bus rapid transit (BRT). Mr. Evans and Mr. Gillespie replied that it is critical that the new general manager be familiar with BRT. Mr. Evans explained that the community has been working on BRT during the past 16 years, and is, therefore, strongly committed to it. Mr. Eyster added that technical expertise is not as critical as political skill and support for the concept.

Mr. Gillespie revisited the discussion of internal versus external and made two points. First, he stated that the community identifies with the driver on their bus route, and that is what LTD is to them. He explained that because of this relationship, the new general manager should identify with the labor force. Second, because LTD is region-wide, it has its finger in the pie of Lane County. Consequently, the general manager needs to be involved in the other jurisdictions' processes and meetings. This involvement creates greater external time commitments for day and evening meetings.

Mr. Scott inquired about LTD's health care costs and the labor force issues, and what kind of manager would be effective in working with local labor on these and other key issues. Mr. Gillespie explained that he has a strong labor background, likely one of the critical reasons the governor appointed him to the Board. He clarified that the local union is part of a bigger group, the ATU Local 757 based in Portland, and that they tend to dictate to the Eugene local. He stated his belief that the labor relationship had improved, based on the recent collective bargaining agreement being successfully negotiated. He added that the relationship between management and labor is still an iffy situation, just like all labor.

Mr. Dubick pointed out that this successful negotiation was due in part to all of the pre-negotiation committee work, where key management and union members met to discuss and understand health care and pension issues prior to negotiations.

Mr. Eyster stated that he was on the Board during the last labor strike. He thought that the issue was not about health care issues, but rather the arrogance and the lack of communication and respect toward the union.

Mr. Washington then asked the Committee members to comment on the strengths of the leadership team. Mr. Evans responded to this question, and stated his assumption that at least two members of the leadership team will likely apply for the position. He added that LTD has very strong leaders in Finance, Human Resources, Service Marketing, and Operations. He stated that in his opinion, LTD has one of the most competent, talented, and well-versed teams of any of the region's agencies, but wanted to stay general in terms of his response because of the potential internal candidates.

Mr. Eyster added that the quality and commitment goes deep into the organization--from lower-level managers to bus operators. Mr. Eyster added that people are drawn to LTD because it is a good place work and people are paid well.

Mr. Evans stated that he worked at LTD for three years more than 21 years ago, and knows of several people still employed since he left.

Mr. Dubick pointed out that management encourages people to take on leadership roles. LTD has a succession management strategy and builds leaders from within; for example, the recent transition in the Facilities manager position of Charlie Simmons to Joe McCormack.

Mr. Scott stated that he has been aware of the progressive and innovative nature of LTD, citing the implementation of BRT as an example, and asked where this spirit comes from. Mr. Evans replied that LTD has a history of innovation. He explained that in 1984, LTD was the first district in the country with fully lift-equipped, fixed-route service, which was well before the American Disabilities Act passed in 1991. Additionally, LTD was first to implement BRT, and created the vehicle used on this line with New Flyer. With this history of culture of vision and innovation, this position is an excellent opportunity for the new general manager to be a part of a cutting edge transit district with excellent Board and staff support.

Mr. Washington asked the Board to describe the culture within the organization. Mr. Evans replied that while the Board hires only the general manager, the current general manager's style allows for Board to communicate and interact directly with staff. He explained that the Board is clear about its role as implementers of policy, and does not interfere with the day-to-day workings of staff. The Board is, therefore, well-informed and makes policy accordingly.

Ms. Lees asked if LTD has a formal general manager review, and requested a template or criteria for such. Mr. Eyster said that the requested information would be provided.

Mr. Evans said that LTD is top in diversity in the region, especially with operators and customer services staff; however, somewhat less in leadership staff. The Board is committed to working toward more diversity in higher positions, so one of its goals for the new general manager would be to develop a diversity plan for leadership.

Mr. Gillespie suggested that the Generator Group interview LTD staff to better understand the culture and the decision-making process. He explained that the Board keeps involvement with staff limited to policy development and approval of recommendations and decisions.

Mr. Dubick stated that he has seen collaboration and no evidence of power struggles or infighting among staff, and has observed mainly discussions and problem solving to resolve issues. He explained that this style is the reason the organization functions so well.

Mr. Washington inquired about the general manager that did not work out. He asked what might derail an executive at LTD, and how it might be avoided. Mr. Eyster responded that the general manager, assistant general manager, and Leadership team understand the importance of collaboration and are good at it. If LTD hires someone who is hierarchical, it might be a problem. He added that the character of the Board is a model in the community because even though members have a wide spectrum of political opinions, they are able to deliberate, work through decisions that are not unanimous, and have respectful discussions and conversations. He said that Board members genuinely enjoy each other's company and are careful not to get caught up in territorial disputes.

Mr. Evans added that a previous general manager, Phyllis Loobey, was a good general; however, she pulled the agency out of the American Public Transit Association (APTA). Mr. Pangborn brought LTD back into APTA in a gradual, yet strong way. Because of his 70/30 external/internal focus, he had the vision that would help LTD regain a strong position in the industry. This effort has resulted in a nation-wide interest in the LTD general manager position.

Mr. Washington asked the Committee members to describe their expectations of communications between the general manager and the Board. Mr. Dubick responded that there should be no surprises.

Mr. Eyster explained that the approach Mr. Pangborn has with the Board works very well. He added that the Board is open to a new approach, but expressed some concern that it may be difficult if a new approach would limit Board access to LTD staff. Members have been careful to consult with staff, but not to give direction.

Mr. Washington said that he would ride the BRT system when he visits in order to share the experience and represent the organization from the business standpoint and the system in general. Mr. Eyster encouraged him to also ride the regular buses to get a feel for the entire system.

Mr. Washington noted that the Committee has alluded to bringing in a general manager with new and fresh ideas, and he asked if the Board is seeking to find someone to shake things up, or someone who will periodically make needed changes in the organization.

Mr. Dubick stated that he would prefer the latter choice. Mr. Evans added that LTD did not need shaking up. Mr. Gillespie said that one concern he had was that staff can sustain a zero increase in salary and cuts in service for only so long before a counter-culture emerges in the organization. Addressing this issue would take tweaking, not an overhaul. He also stated that the organization is deep in experience and depth, but shallow in numbers. Mr. Eyster agreed.

Mr. Scott asked about the progressive payroll tax and the strategic direction that LTD will take to find alternate funding. Mr. Evans stated that the payroll tax is actually regressive in a way, due to the economy and unemployment rates. Loss of jobs has resulted in a decrease in service. He also emphasized that most other transit agencies are in a similar situation. LTD will be challenged if the fuel costs go up to \$5-6 per gallon.

Mr. Eyster further clarified that LTD has a one-legged funding stool in place, which works as long as business is expanding. Mr. Evans stated that some fees and taxes have been discussed locally, but

none have been approved. Mr. Gillespie added that the only taxes being seriously considered are to fund schools, of which LTD could not compete.

Mr. Scott summarized the type of scenario LTD is seeking for its new general manager: short-term, improved productivity and minimal future service decreases, with plans for future expansion. Mr. Eyster explained that the implementation of EmX will be gradual, with 61 total miles of routes planned. LTD has 15 miles of EmX, which took 10 years per route for the first two routes. The third and more controversial route will likely take longer. He added that LTD is evolving from a hub and spokes system to service on major corridors. Mr. Scot asked if Service Planning staff have good experience and knowledge to evolve this system. Mr. Eyster replied that staff are very experienced and capable in this area.

Mr. Washington asked if the Generator Group would be responsible for creating the position description, per the Request For Proposal. Mr. Eyster confirmed that this would be the case.

Mr. Washington explained that the Generator Group facilitates a systematic process using competencies associated with the effective performance of a transit leader. He described the process in which six to eight competencies for effective performance will be identified by the Committee. Ms. Lees detailed the expected results of this process and explained that it will produce a successful candidate profile, define the competencies that allow a general manager to do the job well, and then match the type of candidate with the profile. Mr. Washington explained that the final product will list the expected outcomes. The document will describe what LTD holds unique and will explain how it will hold the new general manager accountable and assess their performance.

Mr. Eyster explained that Eugene is a community with sometimes polarized opinions. He asked the Generator Group how they will create a success profile that the Board endorses and also considers input from elements of the community that feel entitled to provide input. Meanwhile, a search for a new superintendent of the Eugene School District has gotten some high-profile publicity and a more open process. Mr. Eyster expressed concern that the school district search will be compared with LTD's search, which is a much lower profile search; and community members may start questioning why LTD has not been as visible with its general manager search. He stated that LTD will need the Generator Group's help with this issue.

Mr. Scott stated that he's witnessed very open processes, and acknowledged that they are more challenging than private recruitments.

Mr. Evans stated that LTD needs to maintain dignity during the process and not allow it to turn into a circus, which can happen quickly if the process is not managed well. He stated that the stakeholder input process should be well crafted. He expressed concern about the school district being compared with LTD, since the agencies are very different.

Mr. Dubick concurred with Mr. Evans' assessment. He stated his belief that there is a different sense of ownership with LTD than with the school district. He feels the Board's responsibility is to pick the best person. Mr. Evans added that he has personal experience dealing with key community members on core issues, and they do not hold transit in the same light as they do the school district.

Mr. Washington asked about the Generator Group's pending visit and who they will be meeting with. Mr. Eyster said that the group will include riders, agency heads providing services to transit-dependent people, opponents to West Eugene EmX Extension (WEEE), chambers of commerce presidents, and mayors and city managers of both Eugene and Springfield.

Mr. Dubick suggested that a Committee member have a conversation with Gerry Gaydos, former Board chair. Mr. Evans agreed, and added that former Board members Rob Bennett and Tammy Fitch also should be contacted.

Mr. Washington pointed out that busy schedules may exclude a number of these leaders and asked the Committee to prioritize the top four or five.

Mr. Evans suggested adding ATU leadership to the stakeholder group.

Mr. Collier asked that key employees with long employment histories and insight into the organization be interviewed. Mr. Scott asked Mr. Collier to pull together a list.

Mr. Dubick asked if the Generator Group had access to input that LTD received from the Committee's recent general manager evaluation process conducted with key community members. Mr. Collier stated that he had some feedback from this process and would forward it to the Generator Group.

Ms. Lees said that she would like the opinions that were solicited from this initial feedback process that can be used to keep stakeholders informed. Generator Group, Mr. Collier, and the Committee discussed logistics, schedules, and other details of Generator Group's next visit; and who will coordinate meetings with stakeholders, the current general manager, key LTD employees, and Board members. The Generator Group will provide questions for Board, staff, and community stakeholders for review, and Mr. Collier and Mr. Eyster will finalize them.

ADJOURNMENT: Mr. Eyster adjourned the Meeting at 10:37 a.m.

LANE TRANSIT DISTRICT

ATTEST



Mike Eyster
Board President



Jeanne Schapper
Administrative Services Manager/
Clerk of the Board

Date Approved: November 16, 2011