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**LANE TRANSIT DISTRICT
BOARD OF DIRECTORS
HUMAN RESOURCES COMMITTEE**

**March 10, 2003
3:30 p.m.**

**LTD CONFERENCE ROOM
3500 E. 17th Avenue, Eugene
(in Glenwood)**

Public testimony will not be heard at this meeting

AGENDA

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I. CALL TO ORDER	
II. ROLL CALL	
Gaydos (Chair) _____	
Ban _____	
Gant _____	
III. WORK SESSION:	
A. Pension Matters for Future Board Action	05
B. Administrative Staff Compensation Recommendation	06
C. Finalize General Manager Employment Contract for Board Approval (draft to be distributed at meeting)	
D. Discussion of Committee Charge	26
E. Executive Session Pursuant to ORS 192.660(1)(i), to review the employment-related performance of the general manager	28
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HUMAN RESOURCES COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: March 10, 2003

ITEM TITLE: ADMINISTRATIVE EMPLOYEE COMPENSATION

PREPARED BY: Dave Dickman, SPHR, Director of Human Resources and Risk Management Services

ACTION REQUESTED: Discussion and Direction

BACKGROUND: ORS 267.140(4) includes among the general manager's duties the requirement to administer the personnel system adopted by the Board. In past years, the Board Human Resources Committee has reviewed administrative staff salary and benefits issues and made recommendations for changes to the full Board of Directors.

Several documents are included for the Committee's information. The first two are the most recent update of the Salary Administration Policy and the Pay Rate Adjustment Chart (Attachments 1 and 2), which were adopted as part of the Administrative Employee Handbook in July 2001. In 1997-98, an administrative employee compensation study was performed, with the intent to establish administrative employee salaries at market value. Since 1998, the services of the Economic Research Institute (ERI) have been used to help maintain those market relationships. (Attachment 12 provides a brief overview of the ERI.) Related issues of importance when evaluating compensation include comparable worth and the internal integrity of the relationships between positions. The Compensation Plan has to be flexible enough to take into account labor market conditions and the ability of the employer to pay.

Since 1999 the District has attempted to maintain its labor market position by pay plan adjustment rather than by cost of living adjustments. The Cost of Living Indexes are considered and used in the determination of LTD's market position; however, the primary measurement has been the development of broad benchmark information provided by the ERI.

An ERI benchmark analysis for the coming fiscal year was prepared in January 2003, in order to determine the market comparativeness of LTD's pay plan as a whole. Although the analysis shows some positions as being over market and some under market, the primary intent is to see how the plan compares with the benchmark positions collectively (see Attachment 4). The benchmark positions also represent more than 50 percent of the administrative employees (not including executive management positions). Based on this analysis, a 2 percent adjustment to the pay plan of the Administrative employees is being recommended (see Attachment 3).

Additional COLA information from comparable neighboring and regional jurisdictions is included as Attachment 5.

In December 2001 and January 2002, information was collected for the executive management positions of the District from a group of comparable transit agencies. The result of this study was the reorganization of the Leadership Council in 2002 to its current configuration. The high and midpoint analyses completed in 2002 are attached for the Board's information (Attachments 6 and 7).

The Method of Compensation at LTD

LTD has an administrative pay plan composed of 20 ranges, with a separation of approximately 6 percent to 7 percent between the ranges. Positions at the District are assigned to a range (see Attachments 10 and 11). A range has a minimum and maximum. The minimum pay for the range is based upon 75 percent of the maximum pay. Employees generally cannot be paid more than the maximum for the position. Employees are eligible to advance toward the maximum on their annual anniversary date. Current policy allows up to a 6 percent advance for exceptional performance; however, this rarely has been applied. The chart in Policy 482 further defines this information.

In 2002-03 the general manager made the fiscal decision to limit merit increases to a maximum of 3 percent. This was coupled with a conversion to using employees' hire date anniversaries for performance evaluations and resulting merit pay recommendations (Attachments 8 and 9).

On February 18, 2003, the Leadership Council recommended returning to a 5 percent maximum for exceptional service. The Leadership Council's primary concern was that since a majority of the District's administrative employees already are at maximum pay in their ranges, the fiscal implications of this recommendation are slight and tend to affect only the newest employees to the District.

ATTACHMENTS:

1. Administrative Policy 481—Salary Administration
2. Administrative Policy 482—Pay Rate Adjustment Chart
3. Administrative Salary and Wage Adjustment Recommendation for July 2003 (Memorandum dated January 28, 2003)
4. ERI's Salary Assessor Benchmark Analysis 2003
5. COLAs From the Region
6. Midpoint Salary Analysis
7. High Salary Analysis
8. Pro-ration Chart for 2002-03 Merit Increases

9. Annual Maximum Possible Merit Increases in FY 02-03 for Transition to Annual Evaluations
10. LTD Administrative Employee Pay Scale
11. Individual Job Title/Salary Range Chart
12. About ERI

PROPOSED MOTION: If the Committee wishes to make a formal motion to forward a recommendation to the Board, that can be done at the March 10 meeting.

HUMAN RESOURCES COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: March 10, 2003

ITEM TITLE: COMMITTEE CHARGE

PREPARED BY: Jo Sullivan, Administrative Services Manager/Clerk of the Board

ACTION REQUESTED: Discussion of committee charge

BACKGROUND: The HR Committee has discussed development of a new committee charge. Attached is a document that was written in 1994 to describe the duties of the Board Compensation Committee, the precursor of the HR Committee. It is included as an example and starting point for discussion.

The HR Committee has stated that it will take its proposed committee charge to the full Board for review. Once a new committee charge has been developed, it will be placed on the agenda for the next Board meeting.

ATTACHMENT: Board Compensation Committee Responsibilities, January 1994

PROPOSED MOTION: None

AGENDA ITEM SUMMARY

DATE OF MEETING: March 10, 2003

ITEM TITLE: EXECUTIVE SESSION PURSUANT TO ORS 192.660(1)(i)

PREPARED BY: Gerry Gaydos, Board HR Committee Chair

ACTION REQUESTED: That the Board move into Executive (non-public) Session pursuant to ORS 192.660(1)(i), to review and evaluate, pursuant to standards, criteria, and policy directives adopted by the governing body, the employment-related performance of the chief executive officer (general manager) of LTD

ATTACHMENT: None (Combined performance evaluation ratings will be distributed to Board members under separate cover.)

PROPOSED MOTION: I move that the Board meet in Executive Session pursuant to ORS 192.660(1)(i), to review and evaluate, pursuant to standards, criteria, and policy directives adopted by the governing body, the employment-related performance of the chief executive officer (general manager) of LTD.

MINUTES OF HUMAN RESOURCES COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

February 13, 2003

Pursuant to notice given to *The Register-Guard* for publication on February 11, 2003, and distributed to persons on the mailing list of the District, a meeting of the Lane Transit District Board of Directors Human Resources Committee was held at 4 p.m. on February 13, 2003, in the District's conference room at 3500 E. 17th Avenue, Eugene.

Present:

Gerry Gaydos, Chair
Susan Ban
David Gant
Jo Sullivan, Recording Secretary/Clerk of the Board

CALL TO ORDER: The meeting was called to order at 4:15 p.m. by Committee Chair Gerry Gaydos. Mr. Gaydos provided some background on the HR Committee responsibilities for the committee's two new members, who were appointed at the January Board meeting.

DISCUSSION AND RECOMMENDATIONS: The Committee discussed the following topics:

1. General Manager's Employment Contract
2. Draft 2002-03 Goals and Objectives for General Manager
3. General Manager Evaluation Tool for Spring 2003

General Manager's Employment Contract: Mr. Gaydos said that he had met the previous day with General Manager Ken Hamm. Mr. Hamm had suggested certain language for the contract, which had been drafted by District Counsel John Arnold. Mr. Hamm's suggestions would be discussed with Mr. Arnold before a draft would be ready for committee discussion. Mr. Gaydos said that he would get copies of the draft and Mr. Hamm's notes to the other members. Mr. Gaydos and Mr. Arnold were in favor of a more flexible, less specific contract than Mr. Hamm wanted.

One request Mr. Hamm had made was to be vested in the retirement plan early. Mr. Gaydos wondered if LTD could even do this for one person and not for other staff. He wanted to understand all the issues if the Board was going to set a precedent. More discussion was needed with the retirement plan attorney.

Goals and Objectives for General Manager: Mr. Hamm and the committee had drafted some goals and objectives for the committee's final review and Board approval. Ms. Ban thought the goals and objectives were closely tied to the Board's strategic plan. She suggested adjusting the tool in the fall.

The committee members asked to see notes from the December 2002 Board strategic planning work session (retreat), to see if they suggested additional ideas for goals and objectives and the general manager's performance evaluations.

General Manager Evaluation Tool: Mr. Gaydos explained that the previous year the Board had used a tool provided by the American Public Transit Association. The Board and management-level staff (the Leadership Council) had participated in the evaluation, and the committee had talked about asking community members to participate in the future. There was some discrepancy in Mr. Hamm's start date, with Mr. Hamm stating that it was March 1, 2000, and District paperwork showing March 27. Although administrative staff had been moved to anniversary date evaluation cycles, the Board had decided that it was better for Mr. Hamm to be evaluated on a fiscal year cycle, July 1 through June 30 of each year. His evaluation would be performed each fall and a salary/benefits recommendation would be prepared for the budget process for the following fiscal year. The former committee members had discussed having a smaller evaluation process now and then a larger process in the fall.

Mr. Gaydos said that his goal was to take the evaluation outside the organization, and suggested asking for Amalgamated Transit Union (ATU) participation. Ms. Ban thought it would be interesting to look at labor goals and community goals and have a handful of people representing those areas evaluate him. The committee developed a list of community participants for the current evaluation, including the city managers of Eugene, Springfield, and Cottage Grove, the Lane County administrator, the Chamber of Commerce directors, the PeaceHealth CEO, and someone from the University of Oregon. The committee requested that the same senior staff as last year be involved, as well, and one ATU representative from LTD, rather than from the Portland office.

The committee also determined which sections of the evaluation tool to use this time, with a full evaluation to follow in the fall. They asked for a one-week turnaround for the evaluations, after which the committee would meet again before the March Board meeting. The committee later would develop a calendar for the fall and determine a series of meetings for the rest of the year.

COMMITTEE CHARGE: The committee also will work on developing a committee charge for approval by the Board. Mr. Gaydos suggested that the HR Committee should discuss more about the organization overall, including possibly acting as a labor relations committee. He thought the committee should be concerned about the culture and workplace environment of the organization, but without interfering with management. Ms. Ban thought this would have to be at the invitation of management. The committee was interested in knowing more about employee benefits and incentives, and thought it would be important to perform a salary study again in the future, possibly every five to six years. They thought they should brainstorm what they would be interested in doing and talk to the Board about it. Besides administrative salaries and benefits, two years ago the committee spent time reviewing personnel policies.

The committee also discussed the idea of an employee survey. They were interested in more feedback from employees about the results of increases in fares, changes in service, etc. A survey also might be one way to test the goal to improve relations with the ATU and Employee Council. They also suggested giving employees

an opportunity to talk directly to Board members once or twice a year, either formally or informally.

Mr. Gant mentioned the Team Selco activities, for which an external group came in and provided lots of incentives and activities. He said that Selco had a good leadership culture. The committee was interested in building on the Team LTD concept, and mentioned that there were many self-help materials available at low cost. They thought that it was especially important to provide incentives and teambuilding activities when times were tough.

NEXT MEETING: In addition to discussing the general manager performance evaluations and his employment contract, the committee asked to review the administrative salary recommendation for the next fiscal year, including available comparable local and regional data. They were interested in knowing which employee culture or incentive programs had been eliminated in the budget and which ones the employees missed.

FUTURE MEETINGS: In August, the committee would like to review the evaluation tool to be sure they are satisfied with it, and to discuss who would be asked to participate in the evaluation process.

ADJOURNMENT: The meeting was adjourned at 5:10 p.m.

Recording Secretary

HUMAN RESOURCES COMMITTEE AGENDA ITEM SUMMARY

DATE OF MEETING: March 10, 2003

ITEM TITLE: PENSION MATTERS FOR FUTURE BOARD ACTION

PREPARED BY: Dave Dickman, Director of Human Resources

ACTION REQUESTED: Discussion

BACKGROUND: Pension plan attorney Everett Moreland will be present to discuss a proposed change in pension trustee designation.

ATTACHMENT: None

PROPOSED MOTION: None