



Public notice was given to *The Register-Guard*
for publication on July 3, 2018.

**LANE TRANSIT DISTRICT
BOARD HUMAN RESOURCES COMMITTEE MEETING**

Tuesday, July 10, 2018

5:30 p.m.

LTD Board Room

3500 E. 17th Avenue, Eugene (in Glenwood)

Public testimony will not be heard at this meeting.

A G E N D A

- | <u>Time</u> | |
|-------------|---|
| 5:30 p.m. | I. CALL TO ORDER |
| | II. ROLL CALL |
| | <input type="checkbox"/> Wick <input type="checkbox"/> Wildish <input type="checkbox"/> Yeh (chair) |
| 5:35 p.m. | III. APPROVAL OF MINUTES |
| | • Minutes of the June 12, 2018, Board Human Relations Committee Meeting |
| 5:40 p.m. | IV. GENERAL MANAGER 2018 CONTRACT RENEWAL DISCUSSION |
| 6:30 p.m. | V. ADJOURNMENT |

The facility used for this meeting is wheelchair accessible. If you require any special physical or language accommodations, including alternative formats of printed materials, please contact LTD's Administration office as far in advance of the meeting as possible and no later than 48 hours prior to the meeting. To request these arrangements, please call 682-5555 (voice) or 7-1-1 (TTY, through Oregon Relay, for persons with hearing impairments).

MINUTES OF HUMAN RESOURCES COMMITTEE MEETING

LANE TRANSIT DISTRICT

Tuesday, June 12, 2018

Pursuant to notice given to *The Register-Guard* for publication on June 5, 2018, and distributed to persons on the mailing list of the District, the Human Resources Committee of the Lane Transit District held a meeting on Tuesday, June 12, 2018, beginning at 5:30 p.m., at the LTD Board Room, 3500 E. 17th Avenue, Eugene, Oregon.

Present: Carl Yeh, Chair
April Wick
Gary Wildish
Aurora Jackson, General Manager
Camille Gandolfi, Clerk of the Board
Dwight Purdy, General Counsel
Director of Human Resources David Collier
Lynn Taylor, Minutes Recorder

CALL TO ORDER/ROLL CALL — Mr. Yeh convened the meeting of the Human Resources (HR) Committee and called the roll.

MOTION APPROVAL OF MEETING MINUTES — Ms. Wick moved to approve the minutes of the Human Resources Committee meeting on May 8, 2018. Mr. Wildish provided the second.

VOTE The motion passed as follows:
AYES: Wick, Wildish, Yeh (3)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

GENERAL MANAGER 2018 CONTRACT RENEWAL DISCUSSION — Mr. Wildish said his goal was to work with the general manager in a way that allowed LTD and the community to recognize the District was continuing to seek opportunities for improving its service to the community. In reviewing the American Bus Benchmarking Group's (ABBG) performance measures, he said instead of establishing specific targets, it might be preferable to strive to bring LTD's performance up in areas where it was below average.

Mr. Yeh suggested that the general manager could identify some performance areas in which performance could be improved and invited Ms. Jackson's input.

Ms. Jackson said there were reasons why LTD's performance was better on some performance standards and worse on others. Identifying a standard such as cost per hour on which to base the general manager's evaluation would require her to consider how to reduce costs. That could be detrimental to customer service elements on which she was not being judged. She said the ABBG standards were those things identified as important elements of a successful transit system. She suggested the HR Committee could establish a goal that LTD's performance was in the top 25 percent for each standard and if it dropped below 50 percent a plan was developed for improving performance in that area. She said the committee could receive a presentation on

LTD's performance under each standard, including strategies for improving in areas where performance was low. She said the committee should expect the general manager to manage the District well in an overall manner, balancing its multiple desires and interests. She used the cost per hour standard to show how that could be accomplished by using less expensive diesel buses, but that was inconsistent with the District's goals for sustainability and environmental responsibility. She said management should aim to balance the District's overall interests.

Mr. Wildish remarked that the committee would need to establish a compensation package that would keep it competitive with other transit agencies.

Mr. Yeh expressed interest in a three-year contract. He asked how LTD compared to the Salem/Keizer transit agency in terms of general manager compensation. Mr. Collier provided the following information:

	<u>Salem/Keizer Transit</u>	<u>LTD</u>
Salary	\$163,550	\$157,000
Total compensation	268,213	217,202
Retirement	48,000	12,000

Ms. Wick suggested considering a deferred compensation option during the first year with the same salary base and developing a plan for step increases. She wanted the District to be more competitive in its compensation package for the general manager, with Salem/Keizer as the closest comparator. She said a bonus could also be considered, although that would have budget implications.

Mr. Wildish said a performance bonus was a common practice in private industry.

Ms. Jackson recommended that no additional costs be added to the current budget. Advanced budgeting would allow for increased efficiencies and reduced costs to offset part of the cost of increasing the general manager's compensation package. She also did not recommend using new State Transportation Improvement Fund (STIF) funds to pay for increases in compensation.

In response to a question from Mr. Wildish, Ms. Jackson said the current budget included bridge payments for employees in pay grade 14 and below. It was a one-time lump sum payment equal to two percent of an employee's salary that did not increase the salary.

Mr. Yeh said the committee seemed in agreement on a three-year contract with no salary increase in the first year, but a plan to increase the salary in the second and third years. He asked if increasing the general manager's retirement benefit would place her in a different retirement category. Mr. Collier said the HR committee had a number of options such as increasing deferred compensation or the retirement contribution.

Mr. Wildish asked if the general manager's retirement match could be different from that of other employees. Mr. Collier said the Board had a contract with the general manager. Mr. Purdy said it was permissible under the current retirement plan to execute a simple amendment that would allow for a higher contribution rate for the general manager.

Mr. Yeh said the committee should be cognizant of not providing a compensation package for the general manager that was disproportionate to compensation for other District employees. Ms. Jackson said that was unlikely to happen as many of LTD's senior managers had been with the District for many years and had compensation packages close to hers.

Mr. Yeh asked what it would require to have deferred compensation mimic the closed plan contribution rate. Mr. Purdy said that would be difficult as the closed plan was a defined benefit plan and the open plan, in which Ms. Jackson participated, was a defined contribution plan. He said under the closed plan the contribution was approximately 13 percent; the contribution for Ms. Jackson under the current plan was 4.5 percent. Mr. Purdy said it was possible to keep Ms. Jackson in the same plan, but increase the contribution up to 13.5 percent.

Mr. Collier pointed out that the current plan was in the market and if there was a recession just before Ms. Jackson's retirement she would lose a significant amount of her retirement, whereas those people in the closed defined benefit plan were guaranteed a certain amount of retirement income.

Committee members discussed various options for increasing retirement benefits and salary and the cost to the District that would involve.

Ms. Jackson stated she had no preference on how an increase to the total compensation package was achieved, but urged that it be distributed in a way that would make the package competitive in attracting and retaining a competent general manager in the future. She said there seemed to be agreement among committee members, which she supported, of not increasing the cost of the compensation package in the first year of the contract. She urged committee members, as they determined the appropriate increases for the second and third years of the contract, to imagine that she left at the end of the third year and develop a compensation package that would attract a high quality, competent general manager. The District should be seen as paying well because it had high standards that the general manager was expected to meet.

Ms. Wick observed that if the compensation package was not competitive the position would be seen as a stepping stone by future general managers.

Mr. Purdy said there were two issues to consider in the compensation package for the first year of the contract: the optics of increasing Ms. Jackson's salary when senior staff would not receive raises, although equalizing her retirement contributions with those of other senior staff would not be seen as a salary increase. The second issue related to the ability to pay for whatever increases the committee recommended within the District's budget.

Mr. Yeh acknowledged that a performance bonus was not a suitable way to achieve a compensation increase in the public sector. He proposed a two percent increase in the second year of the contract, followed by another two percent increase in the third year, based on satisfactory performance, accompanied by an increase in the retirement contribution.

Mr. Wildish asked if the \$155,000 salary offered in the last general manager selection process was competitive. Ms. Jackson said it was not and she actually took a pay cut and significant reduction in retirement benefits when accepting the position. She said for her personally quality

of life in the community was a major factor in her decision. She felt that the District had not received applications from highly experienced candidates in its last two general manager recruitment processes because the compensation package was not competitive.

Mr. Collier observed that closing the defined benefit retirement plan had made the general manager compensation package less competitive.

Mr. Wildish calculated that a three percent increase over a three-year period would result in a salary of \$170,000.

The committee discussed a range of options for adjusting the compensation package to make it more attractive and competitive.

Ms. Jackson urged that decisions be based on the community's interests and the vision for LTD's future instead of trying to determine the reaction of LTD union and management staff to a proposed compensation package.

Ms. Wick agreed that the Board had a special relationship with the general manager based on a mutually agreed upon contract and that should not be conflated with the conditions of employment for other LTD staff.

Mr. Wildish said the budget of an organization was also a factor in establishing a compensation package and the committee should focus on similar positions in other transit agencies rather than looking at compensation packages for school superintendents and city managers in the region.

Mr. Yeh suggested LTD should be more aggressive in look at salary and consider a target, such as \$200,000. The committee could determine how much was needed to reach that target in years two and three of the contract.

Mr. Wildish felt that retirement might be a greater factor than salary in the compensation package. Mr. Collier agreed that retirement would be a significant issue for seasoned general managers.

Committee members asked Mr. Collier to provide the following information for the next meeting:

- Determine the amount of the Salem/Keizer general manager's salary in three years, based on two percent annual increased of the current salary
- Determine the cost of funding a retirement contribution at the same level of employees in the closed plan
- Determine the cost of a three percent raise in the second and third years, with deferred compensation or increase in retirement contributions

Mr. Collier the actuary for the pension plans could be asked to provide a five to ten-year projection of the anticipated cost of contributions and the additional costs that would be associated with increasing the contribution rate for the general manager.

Mr. Purdy said the committee would be provided with a range of options and estimated costs.

Mr. Wildish said the committee needed to agree on second and third year salary increases, plus adjustments to retirement.

Mr. Yeh asked staff to use \$175,000 as the target for salary at the end of three years.

Mr. Wildish looked forward to a discussion of performance criteria that was fair and in the best interests of the organization.

ADJOURNMENT

Mr. Yeh adjourned the meeting at 6:40 p.m.