

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

September 28, 2010

Pursuant to notice given to *The Register-Guard* for publication on September 23, 2010, 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 on Tuesday, September 28, 2010, in the District's Board Room at 3500 E 17<sup>th</sup> Avenue, Eugene.

Present: Michael Dubick, Chair  
Gary Gillespie  
Dean Kortge  
Mark Pangborn, General Manager  
David Collier, Senior Analyst, Human Resources and Risk Management  
Jeanne Schapper, Clerk of the Board  
Susan Oldland, Administrative Secretary, Human Resources/Recording Secretary

Absent: Mary Adams, Director of Human Resources and Risk Management

**CALL TO ORDER:** Mr. Dubick called the meeting to order at 4:10 p.m. and called the roll.

**APPROVAL OF MINUTES:** Mr. Kortge moved approval of the minutes of the August 24, 2010, meeting as written. Mr. Gillespie provided the second.

VOTE The motion was approved as follows:  
AYES: Dubick, Gillespie, Kortge (3)  
NAYS: None

Mr. Pangborn explained that Ms. Adams chose to not attend the meeting since she intends to apply for the general manager position and wishes to keep the separation clear.

**GENERAL MANAGER EVALUATION PROCESS:** Mr. Collier began the discussion by asking Committee members to review and finalize a list of key community contacts. Selected individuals on this list will be contacted by a Board member for feedback on Mr. Pangborn's performance over the past year. Feedback will be driven by a list of interview questions developed over the past few months. Committee members reviewed and finalized contact assignments, and Mr. Collier agreed to update and email this list to Board members. Feedback is due by back to October 15, 2010.

Mr. Kortge brought attention to the four evaluation interview questions developed by the Committee that will be asked of community leaders. He asked about the purpose of the first question, "What challenges do you see ahead?" and remarked that the question seems very general. He asked if its purpose is to invoke thoughts and ideas for desired characteristics in the next general manager.

Mr. Dubick responded that the first question is intended to help focus the discussion on what challenges are foreseen for the future of LTD.

Mr. Pangborn suggested that two of the questions be combined into a single question about what leadership characteristics the next LTD general manager should have in order to carry LTD forward into the future. Additionally, he suggested adding a new question that asks what characteristics are undesirable for the general manager.

Mr. Kortge agreed that combining the two questions makes sense, and suggested that the discussion could begin by asking the interviewee to rate the general performance of LTD's current manager. He added that he wants to ensure consistency in the process. Mr. Dubick remarked that it will be interesting to review the responses for consistencies, identify patterns, and determine next steps for communicating the information, such as a luncheon with Budget Committee members.

Mr. Pangborn explained that once LTD codifies the information for the Board, members can decide what the next steps in the information-sharing process will be. Mr. Kortge inquired about the purpose of such a process, and Mr. Pangborn explained that it will test the model. For example, once LTD collects and categorizes the information, the Board can review it and decide to hire a head hunter, or test it with a focus group for verification.

Mr. Kortge voiced concern that the first step should really be a clear discussion with a search firm, which will help refine and clarify what characteristics LTD and the community are looking for in the next general manager. Mr. Pangborn added that an experienced search firm will test the questions and help LTD vet the process. Mr. Kortge stated the he wants to ensure that the Board confers with the experts before proceeding too far into the process. He also relayed a second concern, which is the danger of angering a larger group if their thoughts are not ultimately included in the process. He feels it is important to balance input and decision making, especially in choosing a replacement for the general manager position.

Mr. Gillespie cautioned that being asked for input and not included is better than not being asked at all. Mr. Kortge agreed and said again that balance requires a trade-off. Mr. Dubick added that his thoughts earlier in the process included erring on the side of too much public input, but that as a more cohesive picture emerges, the process will become apparent.

**GENERAL MANAGER SELECTION PROCESS:** Mr. Pangborn requested that Mr. Collier review the draft outline for the selection process, which was included in the meeting packet. Mr. Collier clarified that the steps need to be refined, and details, such as timelines and responsible parties, need to be determined.

Mr. Kortge pointed out that it is sensible for Mr. Collier to manage the selection process, but wanted to ensure that members are comfortable with the fact that he works for Ms. Adams. Mr. Pangborn pointed out that the recruiting firm will be handling much of the process, and that Mr. Collier's role is one of support. Additionally, it is likely that the recruiting firm will be out of state and that LTD staff will need to provide the local coordination.

The first step of the process is the general manager evaluation, as discussed in the preceding agenda item. The input is due back by October 15, and will be compiled and given to Mr. Collier and Ms. Oldland. In the second step, the selection of the recruiting firm, the Executive Search Committee will be responsible.

Committee members reviewed the general manager selection outline provided by Mr. Collier. He provided clarification to Committee members regarding profile determination and how that relates to Mr. Kortge's concerns about public input. Mr. Kortge added that the selection of the firm be added to the outline, with a timeline of December 2010. Mr. Kortge also asked how staff input to the candidate profiling process will be completed. Mr. Pangborn replied that the process is variable and may have a written component. Mr. Dubick remarked that in the recently viewed webinar on selecting a transit CEO, the search firm did this step. Mr. Collier replied that the firm can interview key people, or have a "survey monkey" for anyone who wants to give input and remain anonymous. The firm could then contact select respondents to verify the information. Mr. Kortge interjected that input on what people do not want in a general manager is also very important. Mr. Dubick asked when the profile should be complete, and members agreed that the process should be finished sometime in late December or early January. Mr. Pangborn pointed out that the new general manager's position is going to become increasingly public, and that the input process is vital to choosing the best person for the job.

Mr. Kortge then reviewed the recruiting timeline, which will take about two months, beginning sometime in January. Mr. Pangborn clarified that sometime around mid-March the firm likely will review and sort applications, over a period of about two weeks. They will then turn the process over to the Board, who will decide the number of candidates. The Board will then consult with the recruiter and select the interview pool. Mr. Collier gave an example of the process. During the general manager search in Austin, Texas, the search firm selected 14 "scrubbed" (semi-final) resumes for the Board, which was then reduced to six. Two candidates then dropped out, for a final candidate pool of four.

Mr. Gillespie stated that he is cautious about process timeframes, since this process will occur during the holidays and spring break. He pointed out that the timeline will also vary depending on the candidate pool. For example, if eight good candidates emerge, more than one round of interviews may be required. These interviews may need to be spread out over two or more days, with at least two interviews per day. Mr. Dubick concurred with the importance of keeping timeframes as tight as possible.

Mr. Pangborn recommended that Mr. Collier develop a draft request for proposals as soon as possible, as well as a list of likely firms. Mr. Kortge concurred. Mr. Gillespie mentioned he recently had a good experience with the firm that recruited the planning director for the City of Eugene. Mr. Collier stated that he would add this contact to his list.

Mr. Pangborn agreed that the search needs to commence immediately. Mr. Collier stated that the Executive Search Committee will have its first meeting on Thursday, September 30, to launch the process.

Mr. Dubick cautioned that hiring the right candidate for the position is paramount, regardless of timeframes. He feels it is better to recruit a second time, and have an interim manager, than to hire a poor fit.

Mr. Collier asked if the HR Committee is turning over the search to the Executive Search Committee. Mr. Dubick confirmed that the Executive Search Committee will conduct the search.

Mr. Dubick asked about the next task to complete for this process. Mr. Gillespie stated that the next task is to collect and compile input from interviews.

Mr. Pangborn explained that the HR Committee's next tasks will pertain to labor negotiations, with the need to focus on health care and pension plans. The ability to pay is a significant issue, so LTD needs a new model for health care and pension plans. Current health care bids are in the 20 to 24 percent increase range, so management will need to confer with the union to proceed. He explained that the two different health care plans LTD currently has in place with Pacific Source, one for the union and one for administration, are the reasons for increase. Utilization for the union plan is 100 percent, with a 30 percent overhead, which is partly driving the increase. The aging population is also responsible for the increase.

Mr. Gillespie mentioned that a current a bill in the legislature would group government agencies, such as cities, counties, and special districts, for healthcare coverage.

Mr. Pangborn explained the healthcare scenario. The contract does not require LTD pay premium increases for employees, but the union argues that LTD should still pay 15 percent. LTD replied that premiums are just like wages, so if there is no plan by December, then employees will pay a premium share. This increase, which would come into effect January 1, 2011, would provide incentive for the union to negotiate a new contract. Mr. Gillespie asked if an interim contract – for example, one year – is possible. Mr. Pangborn replied that he would be reluctant to have a one-year contract, and favors a three-year agreement. He stated that after the October 13 and 14 bargaining sessions, LTD will have a better idea of where the union stands on the contract length and healthcare issues.

Mr. Pangborn explained that reworking the pension plan is also a negotiations issue. The current plan is not sustainable in the long term, and a new model must be developed to keep the plans funded. This process is not timeline driven and has several scenarios, so is therefore likely to take some time to resolve. He stated that LTD needs to go to either a 100 percent deferred compensation plan with an employer match, or some type of hybrid deferred compensation/defined benefit combination. The upcoming International Foundation of Employee Benefit Plans conference, November 14-17, 2010, will provide perspective and information about what other organizations are doing. Mr. Kortge added a model should include a fixed contribution/benefit plan, so that lower-paid people have a higher fixed benefit, as opposed to a straight percentage. Mr. Pangborn explained that in the current plan, everyone has the same benefit, regardless of pay. The goal is to have some form of the current plan combined with an employee contribution component.

**NEXT MEETING:** November 9, 2010.

**ADJOURNMENT:** There was no further discussion, and the meeting was adjourned at 5:12 p.m.

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Recording Secretary