

MINUTES OF DIRECTORS MEETING

LANE TRANSIT DISTRICT

SPECIAL BOARD MEETING

Wednesday, December 2, 2020

Pursuant to notice provided in accordance with Oregon Revised Statute 192.640, the Board of Directors of the Lane Transit District held a virtual Special Board Meeting on Wednesday, December 2, 2020, beginning at 4:30 p.m., via ZOOM online.

Present: Carl Yeh, President
Caitlin Vargas, Vice President
Josh Skov, Secretary
Don Nordin, Treasurer
Emily Secord
Steven Yett
A.J. Jackson, General Manager
Kristin Denmark, General Counsel
Camille Gandolfi, Clerk of the Board

CALL TO ORDER/ROLL CALL — Mr. Yeh convened the meeting and called the roll.

COMMENTS FROM THE BOARD PRESIDENT — Mr. Yeh stated that the only item on the agenda was completion of the general manager's evaluation and establishment of goals for the remaining six months of the current contract.

COMMENTS FROM THE GENERAL MANAGER — None

ANNOUNCEMENTS AND ADDITIONS TO THE AGENDA — None.

GENERAL MANAGER PERFORMANCE EVALUATION AND GOALS — Ms. Denmark stated there were three items for the Board to address, in the following order:

1. Determine the general manager's merit increase under the contract, which could be between zero and five percent and based on the Board adopted evaluation

Ms. Denmark said that Ms. Jackson had previously proposed deferring the merit increase for the current fiscal year and including that in a contract amendment. That proposal was no longer on the table and had been replaced by consideration of a merit increase for the current fiscal year under the current contract.

2. Decide on a one-year contract extension on the same compensation as the current fiscal year
3. Adopt proposed general manager's goals

Ms. Denmark shared a spreadsheet showing the range of merit increases from zero to five percent based on the general manager's salary in the previous fiscal year. She said the general manager was also entitled contractually to a three percent increase at the beginning of the current fiscal year and any merit increase would be added to the current salary.

Mr. Yeh thanked Ms. Denmark for her summary and emphasized that any merit increase should be based on the Board's evaluations.

Mr. Skov asked if the Board was legally obligated to consider organizational and fiscal context and dramatic extenuating circumstances brought about by the COVID-19 pandemic when evaluating the general manager's performance. Ms. Denmark reiterated that the contract language specified the merit increase would be based on the Board's annual performance evaluation of the general manager during the previous fiscal year. She recommended that language be followed.

Mr. Skov felt there was tension between the Board's strict adherence to the contract language and the allowances it had made for District operations and planned initiatives during the pandemic. Ms. Denmark said the merit increase was separate and distinct from the contract amendment. The proposal was to follow the contract terms for the current year, with everything remaining flat for the next year if the Board amended the contract. Typically compensation would increase for another year, but under the proposal compensation was skipped in one of the contract years.

Mr. Yett asked if the correlation between evaluation scores and the percentage of compensation increase could be clarified. Ms. Denmark said the contract did not provide any level of specificity. She provided a spreadsheet of the general manager's compensation history over the course of her employment, along with comments related to evaluations and contract negotiations.

Mr. Yeh preferred to use the evaluation numeric scoring as a guide to overall performance. If the Board felt the general manager had not performed well there should be no merit increase. If performance was deemed adequate or good there should be some level of increase.

Ms. Vargas said based on the evaluation, which she felt was favorable, she would support a 2.5 percent merit increase as a start to the discussion.

Ms. Secord felt if job performance was adequate then the cost of living adjustment (COLA) was sufficient; a merit increase would apply if performance exceeded expectations. She leaned toward no merit increase as the job was sufficiently done, but not above and beyond expectations for other tasks the Board had hoped to see accomplished.

Mr. Yeh said Ms. Vargas's suggestion of a 2.5 percent merit increase was warranted by the evaluation. Guiding the organization through the COVID-19 pandemic was a difficult feat and required many hard decisions.

Mr. Skov said it was artificial that the Board could not take into consideration the fiscal stress the organization had undergone, but that could be addressed in future contract language. He appreciated Ms. Secord's remarks about the COLA increase. He felt the performance evaluation had identified a number of weak spots, although there was no consensus on where there were weaknesses. While he did not feel a 2.5 percent merit increase did not square with the evaluation, he could support a modest merit increase one percent, given the areas of concern that had been identified. He said he acknowledged the importance of responding to COVID-19 in his evaluation, but felt that could not be a factor in the evaluation because there was no reference to that in the current goals. The Board could have included that earlier in the year when it realized that the pandemic would continue for some time. He urged the Board to consider that in future contracts.

Ms. Secord said she could support a merit increase of one to 1.5 percent based on comments from other Board members. She appreciated the opportunity to improve the evaluation process in the future.

Ms. Vargas appreciated the comments from other Board members. She said things could have gone much worse for LTD and felt navigation through the pandemic was done fairly well.

Mr. Nordin indicated he could support a 1.5 percent. He said it was difficult to conduct the evaluation given what staff had to go through to respond to the COVID-19 crisis.

MOTION: Ms. Vargas moved that the Board adopt a 1.5 percent merit increase for the general manager. Mr. Nordin provided the second.

Mr. Skov acknowledged that many people had lost their jobs and dealt with substantial disruptions because of fiscal measures the District had to take. The merit increase recognized the extremely hard work and performance of the general manager, within the restrictions of the contract language.

Mr. Yett concurred with Mr. Skov's remarks.

VOTE The motion was approved as follows:
 AYES: Nordin, Secord, Skov, Vargas, Yeh, Yett (6)
 NAYS: None
 ABSTENTIONS: None
 EXCUSED: None

Regarding the contract, Ms. Denmark said the proposal was for a one-year extension with compensation remaining the same through FY2021-22. The current contract ended June 30, 2021, and a new contract would begin July 1, 2021, and continue through June 30, 2022. Other contract terms would remain the same.

MOTION: Mr. Yett moved to extend the general manager's contract for one year under the terms specified by general counsel. Ms. Secord provided the second.

Ms. Secord asked that the contract language tie the COLA to an inflationary benchmark rather than having a stated percentage.

Ms. Denmark said the proposed extension did not include an automatic COLA increase. The 1.5 percent merit increase raised the general manager's salary to \$174,729 and that amount would remain the same through June 30, 2022. If the Board wished to extend the contract beyond that period the terms could be amended.

Mr. Skov said one of the contract terms he found perplexing was the prohibition against using the internal climate survey or other employee surveys in evaluating performance. He felt that should be included. He also felt there should be explicit timelines for creation of the general manager's goals and performance review. Ms. Denmark said the contract identified July, or reasonably practical thereafter, as the deadline for both goals and evaluation. The process should start in sufficient time to complete them by the end of the fiscal year. This year it was a joint decision to delay because of COVID-19. The term related to not using employee feedback in the evaluation was negotiated by the general manager and could be addressed during the next contract negotiations.

Mr. Nordin preferred a two-year contract, with the first year including an appropriate metric for the COLA, in order to provide some stability. Ms. Denmark said since the current contract would end in six months she recommended that the Board extend it for a year and begin the larger discussion of compensation and how to determine whether it was competitive and what factors would be considered. She said the Board could consider amending the contract later in the year but would need much more information than was currently available.

Ms. Secord said she appreciated Mr. Nordin's suggestion. Ms. Denmark pointed out that a two-year extension would keep the compensation flat for a three-year period and that was not what had been proposed by the general manager.

Ms. Vargas and Mr. Yett favored a one-year extension.

MOTION: Mr. Skov moved to amend the motion by striking the last sentence of Section 5. Annual Performance Evaluation and modifying any related language to be consistent.

The motion died for lack of a second.

MOTION: Mr. Secord moved to approve the amendment for the one-year contract as previously discussed with the modification that the last sentence in Section 5. Annual Performance Evaluation say the Board shall be permitted to use the formal survey of employees for purposes of evaluation.

Ms. Secord explained she was concerned that if the sentence was completely eliminated informal surveys might be used and that was unfair to a general manager.

Mr. Skov provided the second.

Mr. Yeh determined that the proposed amendment was acceptable to Ms. Denmark and Ms. Jackson.

Ms. Denmark restated the motion as follows: there would be a one-year contract amendment, the compensation from the current fiscal year would remain the same and all contract terms would be the same except that the last sentence of Section 5 would be replaced with the following language: "The Board shall be permitted to have a formal survey of the employees of LTD, if any, included for purposes of evaluating the general manager."

Ms. Secord and Mr. Skov concurred with the restated motion.

Mr. Yett thanked Ms. Secord and Ms. Denmark for clarifying the issue. He did not feel it would be fair to Ms. Jackson or any general manager to have informal input from staff or union factored into the performance review.

VOTE The motion was approved as follows:
 AYES: Nordin, Secord, Skov, Vargas, Yeh, Yett (6)
 NAYS: None
 ABSTENTIONS: None
 EXCUSED: None

VOTE The main motion as amended was approved as follows:
 AYES: Nordin, Secord, Skov, Vargas, Yeh, Yett (6)
 NAYS: None
 ABSTENTIONS: None
 EXCUSED: None

Ms. Denmark reviewed the Revised Proposed Goals for General Manager, December 2, 2020. She noted the revisions were based on Board feedback on the initial proposal goals.

Mr. Yeh asked Board members to keep in mind that the goals reflected the Board's expectations of the general manager over the next six months.

Mr. Skov suggested that Goal #3 be modified as follows: The General Manager will advance *the Board-approved Climate Policy* ~~electrification of LTD's fleet in order to reduce greenhouse gas emissions~~. He said the Climate Policy included electrification, but also included other time-sensitive matters in the first half of the year. He also thought the Board should explicitly state there should be a formal employee survey and require the creation of the first draft of the Strategic Business Plan (SBP). Having a framework for prioritization that the SBP would provide would help provide guidance for the general manager and the Board's overall decision-making.

Ms. Denmark said the language related to an employee survey could be added to Goal #2.

Ms. Vargas liked the revised proposed goals. She said the next six months would go by quickly and urged caution about expanding them because of the unpredictable conditions in which the District was operating and an uncertain future.

Ms. Secord proposed using a method of evaluating performance against goals that allowed Board members to indicate to what extent they felt a goal had been achieved. She liked the revised goals but wanted more details for the sake of clarification.

Ms. Denmark said in previous years goals were briefly stated in a sentence with explanatory comments for each that provided a context and more detail about intent and the Board's expectations. If the Board adopted goals at this meeting it could request a draft of explanatory comments. That would provide Ms. Jackson some direction with respect to goals with clarification provided at the January 2021 meeting.

Mr. Nordin agreed that with Ms. Vargas that given the short timeline the goals should not be greatly expanded. He supported Mr. Skov's suggestion for modifying Goal #3. He did not see a need for additional language for each goal.

Mr. Yeh supported goals #1 through #4, with the inclusion of formal employee feedback and revision to Goal #3 proposed by Mr. Skov. He said the Board would work with Ms. Jackson and provide guidance on achieving the goals over the next six months.

Ms. Secord wanted to be fair to Ms. Jackson. She said Goal #1 was broad and the Board should add some clarify and details about what a crisis communication strategy with respect to public communication might look like. She also felt it was important to have clarity and a structured system for feedback instead of leaving it open ended.

Mr. Yett asked if Mr. Yeh supported adding a fifth goal related to the SBP. Mr. Yeh replied he did not support including that fifth goal as strategic plans took a significant amount of time. Staying with the first four goals reflected Board priorities at this time.

Mr. Skov pointed out that his suggestion of a fifth goal related to the SBP emphasized that it related to a first draft of that document. He said it was a mistake that LTD did not already have a plan and if the Board did not establish a goal of just having a first draft the process could go on much longer. He recognized that the District was going through a period of crisis, but other types of planning efforts were under way and the Strategic Planning Committee was prepared to assist.

Mr. Yeh suggested the goal might be for the general manager to provide a road map or timeline for development of the SBP.

Mr. Skov said staff would not be starting at ground zero as there had already been a significant amount of discussion and work related to the SBP. If there was not enough support for a first draft of the SBP, he would accept Mr. Yeh's suggestion of a compromise goal.

Mr. Yett tended to support Mr. Skov's proposal as an SBP was necessary to guide the District's future and had been under discussion by the Board for a lengthy period of time.

Ms. Vargas understood the importance of the SBP, but it was a huge undertaking and it was difficult to have a clear vision in times of turmoil like the COVID-19 pandemic. Keeping the Board's priorities straight was critical, including how the organization was functioning during this time of crisis and was LTD keeping the health and safety of employees and riders first and foremost. She did not want to add a fifth goal.

Mr. Yeh said development of an SBP was a complex process requiring the collaboration and support of multiple groups. He was concerned that producing a draft plan without following that process fully was not the right approach.

Ms. Denmark said the Board should obtain feedback on the substantially revised goals from Ms. Jackson. She strongly urged the Board adopt goals immediately. She pointed out that during the current evaluation there were several comments that some of the goals were not clear or subject to different interpretations, which could work to the disadvantage of the person being evaluated. It was important the Board promptly follow up and assure there was a common understanding of what the goals meant and what the Board expected from the general manager. She could provide a draft for the Board to review and recommended that process be completed no later than the January Board meeting.

Mr. Skov agreed with suggestions that it was preferable to request a road map or timeline of SBP development from the general manager instead of a draft plan.

Ms. Denmark said Ms. Jackson should have an opportunity to comment on the revised goals. Following adoption of goals by the Board she would provide further formalization in the form of an explanatory note for each goal that would clarify what the Board expected Ms. Jackson to work toward.

Ms. Jackson said some of the goals, such as #1 and #4, were straightforward but Goal #2 appeared to be asking more of the Board than of her. She said the Board should determine what was meant by "appropriate" within the context of that goal. Typically boards did not become involve in receiving and responding to employee feedback because it was a major undertaking. She agreed with including language that would permit a formal employee survey to be used in the evaluation process and had no concerns with changes to Goal #3 and the addition of a fifth goal related to the SBP roadmap.

Ms. Jackson explained that the original language prohibiting use of employee surveys was included in the contract following a discussion about whether the Board wanted a popular general manager who made employees happy or a general manager who followed Board direction and implemented its policies. She said the general manager served the Board and sometimes the Board had to make unpopular decisions in the interests of the community; carrying out those decisions might make the general manager unpopular, but effective in the eyes of the Board.

Ms. Secord suggested replacing revised Goal #2 language with the original language: "It is the general manager's role to establish and maintain positive relationships with community members, riders and employees." She said details, including permissible use of a formal employee survey, could be added later.

Ms. Jackson pointed out that her contract required a survey of community members as part of the evaluation process and that had just been done during the delayed evaluation. It would be awkward to repeat that process in a few months and she suggested removing that language over the short-term.

Mr. Yeh determined there was consensus to remove the community survey from the next performance evaluation. Ms. Denmark observed that the Board would need to determine how it would assess the general manager's relationships with community members if a survey was not used.

MOTION: Ms. Secord moved adopt the revised goals, with the deliberations just had in regards to adding the Strategic Business Plan roadmap, as well as revised Goal #2 as discussed and the added language about the Climate Policy in Goal #3. Mr. Skov provided the second.

VOTE The motion was approved as follows:
AYES: Nordin, Secord, Skov, Vargas, Yeh, Yett (6)
NAYS: None
ABSTENTIONS: None
EXCUSED: None

Mr. Yeh thanked the Board for adoption of the general manager's goal. He said Ms. Denmark would provide additional details on each goal at a future meeting.

ADJOURNMENT — Mr. Yeh thanked the Board for its work on the evaluation and adjourned the meeting at 6:08 p.m.

LANE TRANSIT DISTRICT:

ATTEST:

Emily Secord
Board Secretary

Camille Gandolfi
Clerk of the Board

Date Approved: _____