

MINUTES OF SALARY COMMITTEE MEETING
LANE TRANSIT DISTRICT BOARD OF DIRECTORS

September 21, 1992

Pursuant to notice given to *The Register-Guard* for publication on September 19, 1992, and distributed to persons on the mailing list of the District, a meeting of the Lane Transit District Board of Directors Salary Committee was held at 12:00 p.m. on Monday, September 21, 1992, in the District's conference room at 3500 E. 17th Avenue, Eugene.

Present:

Tamalyn Fitch, Committee Chair, presiding
Janet Calvert
Thomas Montgomery
Phyllis Loobey, General Manager
Jo Sullivan, Recording Secretary

CALL TO ORDER: Ms. Fitch called the meeting to order at 12:15 p.m.

STRATEGIC DISCUSSION--COMPENSATION ISSUES FY 93-94 AND BEYOND:

Ms. Loobey said that she wished to spend some time talking with the committee about LTD's salaries and benefits. She explained that the District had always looked at compensation issues on an annual basis, rather than planning ahead for several years. This did not provide any certainty for employees, did not give the District an opportunity to be as current as it would like to be, and gave the process political overtones. She suggested that the Committee might discuss some guiding principles for where the District wanted to be in the next five years in regard to such issues as cost of living adjustments; the salary range and what happens when employees reach the top; what should happen with benefits as the work force ages; and a planned way to address classification or reclassification questions (duties assigned with a particular job).

Ms. Fitch said that looking at the District's pension plan would be of interest to her, as well as medical and other benefits. She mentioned Budget Committee member Tim Luck's suggestion about re-evaluating the costs of benefits and what the District could do to contain costs.

Ms. Calvert asked if there would be a new effort during the 1993 legislative session to mandate that transit join the Public Employee Retirement System (PERS). Ms. Loobey said that the effort during the last legislative session was being driven by Tri-Met in Portland, and the resulting bill allowed transit districts to have comparable benefits to PERS. However, because of the Metro takeover of Tri-Met, it was possible that there would be other efforts in the next legislative session. She stated that LTD's retirement benefits had gotten closer to PERS, for both contract and salaried employees. Mr. Pangborn added that LTD's contribution was about 6 percent of salary. The PERS minimum was 12 percent, but most agencies paid closer to 15 or 16 percent.

Ms. Calvert asked if staff could provide a comparison of LTD's and Tri-Met's compensation packages. Ms. Loobey said that Tri-Met was six times larger than LTD, with a \$70 million budget, and did have higher wages and benefits. LTD staff typically looked at comparable-sized transit districts when comparing compensation packages. Ms. Loobey said that LTD's package was higher than Medford's and within the same range as Salem's.

Ms. Loobey said that private industry would not respond to staff's salary survey within the local market. In comparison with public agencies, LTD was lagging about 8 to 10 percent in benchmark positions. The James Study, completed in 1986, suggested about a 10 percent increase in the salary schedule, so the Board implemented that increase in two steps. There was an initial increase of 5 percent in FY 87-88, and another 5 percent increase was approved for FY 88-89.

Ms. Calvert said that the issue of comparisons with the private sector was always raised. Personnel Administrator Bill Nevell explained that the James Study had compared LTD's salaries and jobs with those in the private and public sector. He said that people had different opinions as to what to use for comparisons, and he leaned toward a mix of private and public, to see where LTD actually stood in the community. Ms. Loobey added that if LTD were in the private sector, it would be considered a large employer, and that the issues were different between large and small employers.

Ms. Loobey discussed the "Board Salary Actions, 1986-1992," prepared by Mr. Nevell. She said that the previous year, the Board had expressed some concerns about spending money on a salary study at that time, because it might raise expectations and result in turmoil within the District if the recommendations could not be implemented.

Ms. Fitch asked some questions about the information in the staff paper, "Salary and Classification Study: Why?". She thought that 72 percent of employees was a lot to have at the top of the pay scale, and wondered about the correlation and a comparison of turnover rates at other agencies. Ms. Loobey replied that turnover at LTD was not very high and had not been high for a long time; LTD was a relatively young organization that had an environment in which people enjoyed going to work. She said that the District's employees did a very good job and found the package of reward systems to be pretty good at LTD. She said that the specific skills and talents needed at LTD might be different from other organizations in the community. There might not be a lot of other comparable jobs in the community, and some positions were not easily transferrable. Some people want to stay in the Eugene/Springfield area, but still want to be recognized for what they do and rewarded appropriately for it.

Ms. Fitch asked what a complete survey would cost. Mr. Nevell said that a complete (external and internal) salary and classification study would cost between \$10,000 and \$20,000, depending on what the Board wanted to do. In 1985-86, the James Study cost between \$10,000 and \$12,000.

Ms. Fitch then asked what staff thought would be more important currently. Mr. Nevell said that the District would receive the most accurate information if both the salary survey and the classification study were done. He said that staff occasionally reviewed internal positions,

but the picture could be skewed if they continued to look at individual positions rather than the whole picture. The small survey that staff completed a couple of years ago only looked at the external market, and showed that LTD was between 7 percent and 11 percent behind in salaries.

Ms. Fitch said that a best guess would be that a new survey would show that LTD had not closed that gap. Tim Dallas, Director of Operations, added that the earliest another study could be done would be in Fiscal Year 1993-94.

Mr. Nevell wanted to emphasize that a combination of factors indicated that the District needed to look at the market. Mr. Montgomery commented that the last couple of Salary Committee recommendations had stated that the District needed to do a salary and classification study, but "not right now." At some point, he said, the Committee may need to recommend that it be done "now."

Ms. Calvert asked if a study would look at the salary schedule and compensation. Mr. Nevell said that the last study looked at benefit levels as well as salaries. Ms. Fitch said she would want to see a complete listing, from benefits to educational reimbursement to vacations, etc. She thought that if something were to be planned for the future, the Board would need to see where the benefits were headed and discuss cost containment features, or ways to help people stay healthy. She added that some changes in the law and in demographics would make a difference.

Ms. Calvert said that if the Committee recommended a full-blown study, she would support a comparison of the total compensation package. Ms. Fitch said the Committee's recommendation would need to be made in time to prepare the FY 93-94 budget. She said she would prefer looking at how to get from point A to point B, rather than "fixing" things every year.

Ms. Calvert asked if a comparison of total compensation would include retirement benefits. Ms. Loobey said it would. Mr. Nevell thought that the James Study primarily focused on salary and some benefits, such as vacation, and that the cost of a study would increase if it included a lot of specific information. Ms. Loobey added that every company had a little different mix of benefits, and it was difficult to evaluate the specific benefits, so the District might want to look at the percentage of payroll in benefits. She said the District could look at these factors and also ask the District's actuaries for mortality tables, etc., that it might not get from a consultant. She suggested that the Board could set some targets, such as providing benefits within 2 percent of like agencies, and ask the actuaries how best to get there, and then possibly receive fuller, more complete information from the consultant.

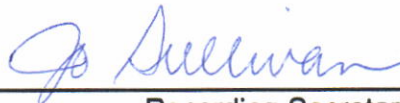
Ms. Calvert asked if the major areas of compensation and benefits were of interest to staff. Ms. Loobey said that staff had been surveyed, and employees' areas of interest changed over the years as improvements were made or the employees matured. She said that she tried to balance any recommended changes so they applied to diverse groups of employees.

Ms. Calvert wondered where the District wanted to be in five years. She suggested that the District might want to be at a comparable level or a little below. Ms. Fitch said one goal was for people to be productive. and, rather than LTD's employees being the best paid, she would like things like being the best place to come to work to come into play, also. She thought that retirement was not much of a drawing card for people in the public sector. Mr. Montgomery thought the District needed a good picture of where the District currently was, in order to know what steps would need to be taken. He said the Committee would need a certain amount of study information before they could make projections.

Ms. Loobey said that staff would do some brainstorming and initial assessments, and would meet again with the Board Salary Committee to suggest other targets or principles. She said that, despite what staff thought they knew about the salary and classification issues, they needed to know more for the future. If LTD were behind in purchasing power, the focus might be on how to close the gap and then on maintenance of the salary schedule for a time.

Ms. Fitch suggested factoring in some of the relative cost of living for the areas of comparison (for example, Seattle versus Eugene). Ms. Loobey said the study could contact properties the size of LTD in similar urban areas. She was not sure whether or not Cascade Employers could give the District some private sector information. For a comparison of benchmark positions, the requirements of private versus public sector jobs were different.

ADJOURNMENT: The Salary Committee members decided to meet again at noon on Wednesday, October 28, 1992, to continue the discussion. The meeting was adjourned at 1:20 p.m.



Recording Secretary