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**LANE TRANSIT DISTRICT  
BOARD OF DIRECTORS  
SALARY COMMITTEE MEETING**

February 4, 1992

12:00 p.m.

LTD Conference Room  
3500 E. 17th Avenue, Eugene  
(In Glenwood)

**A G E N D A**

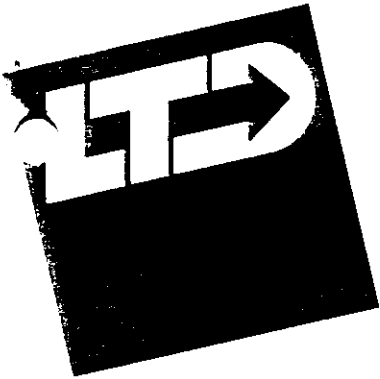
I. CALL TO ORDER

II. ROLL CALL

Fitch (chair)\_\_\_\_\_ Calvert\_\_\_\_\_ Montgomery\_\_\_\_\_

III. DISCUSSION OF FISCAL YEAR 1992-93 STAFF SALARY AND BENEFIT RECOMMENDATION

IV. ADJOURNMENT



**Lane Transit District**

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February 4, 1992

MEMORANDUM

TO: Board Salary Committee

FROM: Phyllis Loobey, General Manager

RE: Fiscal Year 1992-93 Staff Salary and Benefit Recommendation

As in previous years, the Executive Committee has developed a recommendation for the FY 1992-93 staff salary and benefit package for the Board Salary Committee's review and approval. A recommendation approved by the Board Salary Committee will be taken before the full Board on February 19 for approval. Results will then be included in the proposed 1992-93 budget.

The decision-making process for developing the recommendation included the following:

1. The Executive Committee conducted and analyzed a salary survey which included local public sector organizations and transit districts in Oregon and Washington (attached).
2. The Executive Committee reviewed the national and Portland consumer price indexes.
3. The District worked with the actuarial consulting firm of Milliman and Robertson to review the Salaried Employee Retirement Plan. The impact of last year's increased dollar contribution to the retirement plan, as well as how the plan compares to PERS, was studied (attached).
4. The Executive Committee met with employees to discuss options and preferences for the FY 1992-93 salary and benefit package. Results of an employee survey on the District's salary and benefit package that was conducted in December 1990 were also reviewed (attached).

Key information considered by the Executive Committee in developing the recommendation is summarized below:

1. In 1991, the average cost of living adjustment (COLA) reported by 13 organizations was 4.5 percent. The LTD salary adjustment in 1991 was 4 percent. In 1992, the anticipated average COLA reported by 12 organizations will be 3.8 percent.
2. The national consumer price index rose by 3.1 percent in 1991. The Portland consumer price index rose by 6.4 percent between July 1990 and July 1991. Between January and July 1991, the Portland consumer price index rose by 2.4 percent.
3. The average total contribution by an employer to its retirement plan, as a percent of base salary, is 11 percent. The LTD employer contribution to the retirement plan is approximately 6 percent. A comparison of LTD's retirement plan to PERS indicates that the District's plan would need to be improved in a number of key areas to be comparable to PERS.
4. Employees consider medical insurance, salary, and the retirement plan the top three compensation items in need of improvement.

After review of the current information, and consultation with staff, the Executive Committee has developed the following recommendations:

1. Adjust the salary schedule uniformly.  
Annual cost: \$65,470 = 4 percent
2. Increase the District's contribution to the retirement plan by 1 percent (as a percent of base salary).  
Annual cost: \$17,022 = 1 percent

Last year, the Executive Committee recommended to the Board Salary Committee that the District conduct a comprehensive salary survey, similar to the one that was conducted by the Fred S. James consulting firm in 1986-87. The recommendation was based on the results of a salary survey conducted by the District, which indicated that District salaries may not be competitive with comparable organizations, and because the previous comprehensive salary survey was conducted five years ago. The expected cost of such a survey is approximately \$20,000.

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February 4, 1992  
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Funds to conduct a comprehensive salary survey were not approved last year. The Executive Committee still believes that there is a need to conduct a comprehensive salary survey, and will discuss this in more detail with you at the February 4 Committee meeting.

In summary, the Executive Committee recommends that the Board Salary Committee recommend the increases to the staff compensation package outlined above for approval by the full Board at the February 19, 1992, meeting. Results will then be included in the proposed 1992-93 budget.

*Phyllis / j*  
Phyllis Loobey  
General Manager

attachments

H:FY9293SP.WCN

Salary Survey - 12/91

<u>Agency</u>	<u>Last Sal. Action</u>	<u>Next Sal. Action</u>	<u>Freq. of Major Salary Studies</u>
Intercity	1/91 - 2.5%	1/92 - 3%	Every 3-4 yrs.
Spokane	1/91 - 3%	1/92 - 3%	As needed
Salem	7/91 - 3.5%	7/92 - 4%	As needed
Clark Cty.	4/91 - 5%	4/92 - 4.5%	Every 4th year
Tri-Met	7/91 - 5%	7/92 - ?	As needed
Pierce Cty.	1/91 - 8% (*1)	1/92 - 3%	As needed
Ben Frank.	1/91 - 3.5%	1/92 - 4%	As needed
Kitsap	1/91 - 5%	1/92 - 5%	Every 2 yrs.
Lane County	7/91 - 5%	7/92 - 4%	As needed
Springfield	7/91 - 5%	7/92 - 5%	As needed
U of O	1/91 - 3%	1/92 - 3%	As needed
SUB	5/91 - 6%	5/92 - 3%	Every 3rd year(*2)
Eugene	7/91 - 5%	7/92 - 4%	As needed
	Average - 4.5%	Average - 3.8%	

\*1 - 8% result of major salary and classification survey work

\*2 - Look at each salaried position at least once every 3 years

SAL9192.WCN

**RETIREMENT COMPARISON WITH OREGON PERS**

PLAN PROVISION	OREGON PERS	LANE TRANSIT DISTRICT
<b>Membership</b>	1) 600 hours employed per year 2) 6 months of service	1) All non-bargaining unit employees 2) July 1st after date of employment 3) 1st of month after transfer from hourly status
<b>Member Contributions</b>	6% of compensation	None
<b>Benefit Formula</b>	1) Years of Membership, times 2) Final Average Salary, times 3) 1.67%	1) Years of Benefit Credit, times 2) Final Average Salary, times 3) 1.60%
	FAS = Highest three year earnings or last 36 months	FAS = Highest five year earnings
	Years of Membership Based on completed months in years with over 600 Hours	Benefit Credits based on Hours in Plan Year 1,600 or more 1.00 1,200 to 1,600 .75 800 to 1,200 .50 400 to 800 .25
<b>Cost-of-Living After Retirement</b>	CPI up to 2%, and As granted by the Legislature	None

**RETIREMENT COMPARISON WITH OREGON PERS**

PLAN PROVISION	OREGON PERS	LANE TRANSIT DISTRICT
<b>Normal Retirement</b>		
Eligibility:	Age 58, or 30 Years of Employment	Age 62
Benefit:	Benefit Formula	Benefit Formula
<b>Early Retirement</b>		
Eligibility:	Age 55	Age 55 and 10 Years of Vesting Credits, or Age 60 and 5 Years of Vesting Credits
Benefit:	Reduced 8% per year before age 58 Age 55 benefit reduced 24%	Reduced 6% per year before age 62 Age 55 benefit reduced 42%

**RETIREMENT COMPARISON WITH OREGON PERS**

PLAN PROVISION	OREGON PERS	LANE TRANSIT DISTRICT
Disability	Disability in line of duty, or while active and 10 years of service	Disabled while active
Benefit:	Projected Benefit at age 58 payable immediately	Accrued Benefit payable immediately
Death before Retirement	Twice the value of member contributions with interest	40% of the Accrued Benefit



**RETIREMENT COMPARISON WITH OREGON PERS**

PLAN PROVISION	OREGON PERS	LANE TRANSIT DISTRICT
<b>Vested Withdrawal Benefits</b>		
Eligibility:	Membership in five calendar years	One Vesting Credit is granted for each Plan Year with 1,000 Hours
Benefit:	Deferred monthly benefit equal to benefit formula, commencing at retirement age, or Accumulated contributions with interest	20% Vested for each Vesting Credit, or 100% Vested at age 62  Deferred monthly benefit equal to benefit formula, commencing at retirement age
<b>Non-vested Benefits</b>		(See Supplemental Severance Pay Benefits)
Eligibility	Any Member	None
Benefit	Accumulated contributions with interest	
<b>Portability</b>	Complete reciprocity within PERS	None

**RETIREMENT COMPARISON WITH OREGON PERS**

PLAN PROVISION	OREGON PERS	LANE TRANSIT DISTRICT
Retiree Medical Subsidy		
Eligibility:	Eight years of service Age 65	None
Benefit:	Up to \$60 per month offset against cost of PERS insurance program	

**RETIREMENT COMPARISON WITH OREGON PERS**

PLAN PROVISION	OREGON PERS	LANE TRANSIT DISTRICT
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Severance Pay Benefit

None

All members

Benefit:

Lump sum payment based on number of Vesting Credits

	<u>Vesting Credits</u>	<u>Lump sum Benefit</u>	<u>Vesting Credits</u>	<u>Lump sum Benefit</u>	<u>15 Wk Pay</u>
1	1	0 Wk Pay	11	15 Wk Pay	
2	2	0	12	18	
3	3	1	13	21	
4	4	2	14	25	
5	5	3	15	29	
6	6	4	16	33	
7	7	5	17	37	
8	8	6	18	42	
9	9	9	19	47	
10	10	12	20 +	52	

December 18, 1990

TO: All Administrative Employees  
FROM: Bill Nevell  
RE: LTD Administrative Employee Compensation Survey - Results

Thirty-two employees completed the LTD Administrative Employee Compensation Survey (42 employees received the survey). Listed below are the results of the survey:

1. In question #1, employees were asked to rank 16 compensation items. The items were ranked as follows:

1. Salary
2. Medical Insurance
3. CAL Plan
4. Retirement
5. Dental Insurance
6. Holidays
7. EIB
8. Vision Insurance
9. Life Insurance
10. Long Term Disability
11. Severance Pay Plan
12. Take Care Program
13. Deferred Compensation
14. BC/BS 125 Cafeteria Plan
15. Tuition Reimbursement
16. EAP

Eighty-four percent of the employees ranked salary as the #1 compensation item. Compensation items 2 through 5 were very close in terms of total points, as were compensation items 6 through 9. The point difference between compensation items 5 and 6 was significant.

2. In question #2, employees were asked what two compensation items they would add to the list above. They also were asked to rank the 16 compensation items and any items they might have added according to their need for improvement or adoption.

There were very few employees who suggested that new items should be added to the total compensation package. The items that employees listed were short term disability, salary bonus plan, sabbatical program, and an exempt employee comp time plan. The employees who made these suggestions ranked these items high in terms of need for adoption.

Question # 2 - Continued

Listed below is how employees ranked the 16 compensation items listed in question #1 in terms of need for improvement:

1. Medical Insurance
2. Salary
3. Retirement
4. CAL Plan
5. Holidays
6. Dental Insurance
7. Vision Insurance
8. Long Term Disability
9. Severance Pay Plan
10. EIB
11. Life Insurance
12. Take Care Program
13. Tuition Reimbursement Program
14. Deferred Compensation
15. BC/BS 125 Cafeteria Plan
16. EAP

Medical insurance, salary, and retirement (1 through 3 above) were very close in terms of total points. The item ranked #4, CAL plan, had significantly fewer points than the items ranked 1 through 3.

The response to this question suggests that employees do not believe that there are many significant items missing from the District's total compensation package, and that employees are more concerned with improving the current compensation package.

3. In question #3, employees were asked to be specific regarding their responses to question #2 (e.g., what improvements need to be made to the medical insurance). Some of the more common responses are summarized below:

- \* Move to PERS.
- \* No out-of-pocket health care premium costs.
- \* Decrease the medical insurance deductible and lower the stop-loss ratio.
- \* Option to cash out a certain amount of CAL time when accumulate maximum amount.
- \* Increase the number of CAL days that one can accumulate.
- \* Salary bonus plan for employees at 100% of the salary schedule.
- \* Salary increases should keep pace with the CPI.

The majority of the responses focused on improving medical insurance, moving to PERS (or improving the District's retirement plan), and revising the CAL plan (e.g., option to cash out).

4. In question #4, employees were asked if they would be willing to eliminate or reduce the level of coverage of any portion of the current compensation package to enhance other items or add to the current package. Eighty-five percent of the employees answered yes.

Question # 4 - Continued

The second part of the question asked employees to list which items they would be willing to eliminate or reduce. The most common items listed were as follows: (listed next to the item is the amount that is budgeted for FY 90-91 to provide it to all administrative employees)

*	EAP:	\$1255
*	Tuition Reimbursement:	\$400
*	Take Care Program:	\$1400
*	Deferred Compensation:	Staff time
*	Severance Pay Plan:	\$35,000

5. At the time the survey was distributed, employees were paying \$23.44 per month for health insurance benefits. Employees were asked if they would have preferred that the District reduced the level of coverage of any of the health insurance benefits to eliminate the out-of-pocket cost. Seventy-six percent of the employees answered no.

6. Question #6 read as follows:

Which of the following statements reflects your opinion?

(A) More emphasis should be placed on improving salary and less on improving other benefits

(B) More emphasis should be placed on improving benefits and less on improving salary

(C) The same emphasis should be placed on improving both benefits and salary

Twenty-one percent of the employees chose A, 17% of the employees chose B, and 62% of the employees chose C.

7. Question #7 asked employees to rate the current compensation package on the following scale: (responses listed adjacent to scale).

Scale	Responses
Excellent	7%
Very Good	43%
Average	40%
Below Average	10%
Poor	0%

Fifty percent of the employees rated the compensation package as very good or better, and 90% of the employees rated the compensation package as average or better.

8. Question #8 asked employees if they receive enough information to make informed decisions regarding health insurance, deferred compensation, 125 plan, etc. Seventy-six percent of the employees answered that they do. The response to this question suggests that there are a number of employees who need more information when making choices about their benefits.
9. Question #9 provided employees with the opportunity to make any additional comments. Many of the comments were similar to those expressed in other parts of the survey. Some of the comments that were not expressed in other parts of the survey are listed below:
- \* Administrative employees should get their birthday off with pay. (Note : This is already accounted for in the CAL plan.)
  - \* The EIB should be cashed out when an employee leaves the District.
  - \* Our compensation should reflect the fact that we are one of the best at what we do.
  - \* In the future, money for our compensation package should go to main programs rather than "mini" programs.
  - \* The tuition reimbursement program should be for any class, not just classes that are job-related.
  - \* My job should be reclassified.

Summary:

The survey suggests that employees are generally satisfied with the current compensation package, but that improvements need to be made to some of the key compensation items (e.g., retirement and medical insurance). Employee responses to the survey also signify that most employees do not feel that there are any significant items missing from the compensation package.

Next Step:

A series of meetings will be scheduled in January with administrative employees and the Salary Committee. At those meetings, the following items will be discussed:

- \* The results of the LTD employee compensation survey.
- \* Key issues that were addressed by employees in the survey and during the meetings that were held with divisions and Personnel in October.
- \* Draft recommendation for the FY 91-92 administrative employee compensation package.

If you have any questions, let me know.



Bill Nevell  
Personnel Administrator

BN:ms