

SOUND TRANSIT

MOTION NO. M99-6

Updating Personnel Policies and Compensation System

BACKGROUND AND COMMENTS

| Meeting: | Date: | Type of Action: | Staff Contact: | Phone: |
|---------------------------|-------------------|--------------------------------------|------------------------------|---------------|
| Executive Committee Board | 2/5/99 2/11/99 | Recommend Board Approval Approval | Lilly Aguilar, HR Manager | 206-689-1657 |

ACTION:

Board approval of Motion No. M99-6:

1. Regarding personnel policies, authorize the Executive Director to establish and administer guidelines and procedures consistent with the Board adopted personnel philosophy and directives of at-will employment, equal opportunity and pay-for-performance.
2. Regarding the compensation system, authorize the Executive Director to implement four enhancements to the total compensation and pay for performance programs. These are: (a) elimination of job classifications, (b) reduction in the number of pay bands, (c) revision of the lump sum award percentage mix, and (d) establishment of a practical salary range based on market information.

BACKGROUND:

1. **Personnel Policies and Guidelines.** Since the adoption of Motion 23 in 1996 to implement "interim personnel policies," the Board has adopted other initiatives relating to compensation and pay for performance. Many of these actions conflict with or require administrative updating of the interim personnel policies. Additionally, we are very close to completion of an employee handbook and policy guidelines manual, which updates and replaces the interim guidelines. The purpose of this motion is to clarify the Executive Director's authority to develop, revise, implement, and administer personnel policies and guidelines consistent with Board personnel philosophy and directives. Approval of the motion will allow the Executive Director to more effectively handle day to day administrative matters relating to personnel and also reduce the need for Board consideration of such matters on a regular basis. The Executive Director will bring any recommended changes to Board adopted personnel philosophy and directives for Board consideration.
2. **Compensation Changes.** The Board adopted the principles of a total compensation and pay for performance philosophy on May 2, 1997. The directive for implementation of a total compensation and pay-for-performance system was through Motion No. 38, adopted on August 14, 1997. The Board approved subsequent refinements to the classification, compensation and performance management system on January 16, 1998. The Board, in its adoption, also noted

that future refinements may be needed as the agency gains greater experience in implementing and maintaining these types of systems and directed staff to report back to the Board with recommended changes.

Adoption of this resolution approves four important enhancements to the compensation system methodology, which better supports the philosophy of paying-for-performance.

- a) Eliminates general “classifications” in order to simplify the system and to focus instead on specific job descriptions as the basis for conducting market comparison.
- b) Moves from seven (7) bands to four (4) bands and expands the ranges to accommodate career development movements that are more prevalent in a startup organization. (Note: One of the seven bands only had the positions that report directly to the Board - the executive director and the board administrator.)
- c) Revises the lump sum award percentage mix, weighting agency and individual performance to more accurately reflect the practical influence of different jobs on overall agency performance.
- d) Provides a practical range (80-120% of market reference point) as guidance in recognizing degrees of “full performance competencies” that reflects an individual's experience in a particular position.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- Adoption of Interim Personnel Policies, December 13, 1996, Motion No. 23
- Adoption of Total Compensation and Pay-for-Performance programs, August 14, 1997, Motion No. 38
- Adoption of Resolution No. 98-8 (April 9, 1998) - Affirmative Action Plan for the Agency

KEY FEATURES:

1. Personnel Policies: Authorizes the Executive Director to administer and implement internal personnel guidelines consistent with Board personnel philosophy and directives provides flexibility and efficiency to organizational administration of day-to-day matters by:
 - managing and administering organizational changes and development;
 - responding to federal, state and local personnel related requirements; and
 - overall management of staff resource issues.
2. Compensation: Refines classification, compensation and performance management system to:
 - maintain market comparison by specific job instead of a classification system that is not responsive to the market data. (Our experience has shown that having a classification system as well as job descriptions created an extra step.)
 - recognize individual's progress in gaining responsibilities from entry level to seasoned professional in the same occupation by compressing the number of bands and expanding the minimum-maximum range, e.g. accountant and senior accountant will be in the same band.
 - better reflect roles and responsibilities by job and by impact on overall agency; and
 - provide parameters for determining pay based on performance competencies and to provide the agency a way to manage pay in a fiscally responsible manner.

FUNDING:

No impact.

CONSEQUENCES OF DELAY:

1. Personnel Policies: No significant consequences are envisioned, however, there is a need to establish a consistent set of policies that fully support the policy direction of the Board.
2. Compensation: There are over 50 performance reviews to be conducted in January and February 1999. Normally, compensation adjustments are granted at the employee's anniversary date based on the result of the performance review. There is high expectation that pay adjustments are provided soon after a performance review has been conducted. Delaying action on this resolution will therefore negatively impact employee morale.

LEGAL REVIEW:

The background comments and the motion have been reviewed and approved by the Legal Department.

SOUND TRANSIT

MOTION NO. M99-6

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the executive director to establish and administer guidelines and procedures related to personnel philosophy and principles and to implement four enhancements to the compensation system.

Background:

Personnel policies – This motion clarifies the Executive Director’s authority to revise, implement, and administer personnel policies and guidelines consistent with Board adopted personnel philosophy. Approval of the motion will allow the Executive Director to more effectively handle day to day administrative matters relating to personnel and also reduce the need for Board consideration of such matters on a regular basis. The Executive Director will bring recommended changes to Board personnel philosophy and directives for Board consideration.

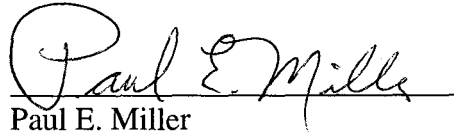
Compensation system - This motion also authorizes the Executive Director to implement four enhancements to the compensation system methodology, which better supports the philosophy of pay-for-performance:

1. Eliminate general “classifications” to simplify the system and to focus on specific job descriptions as the basis for conducting market comparisons.
2. Move from seven (7) bands to four (4) bands and expand the range to accommodate career development movements that are more prevalent in a start-up organization. (Note: In the seven-band system, one of the bands contained only those positions that report directly to the Board – the Executive Director and the Board Administrator.)
3. Revise the lump sum award percentage mix, weighting agency and individual performance, to more accurately reflect the practical influence of different jobs on overall agency performance.
4. Provide a practical range (80% to 120% of the market reference point) as guidance in recognizing degrees of “full performance competencies” that reflect an individual’s experience in a particular position.

Motion:

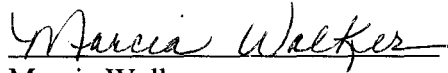
It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the Executive Director be authorized to establish and administer personnel guidelines and procedures consistent with Board personnel philosophy and to implement changes to the compensation system related to the elimination of the classification system, reducing the number of pay bands, revising the lump sum award percentage mix, and establishing a practical salary range based on market information.

Approved by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof on the 11th day of February 1999.



Paul E. Miller
Board Chair

ATTEST:



Marcia Walker
Board Administrator