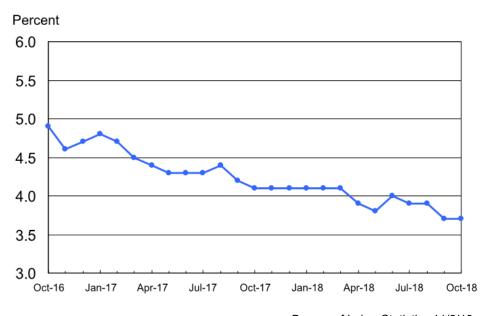




Unprecedented Labor Market Strength

- Unemployment at a 49 year low
- Increased competition for qualified talent
- Increased upward pressure on wages

Chart 1. Unemployment rate, seasonally adjusted, October 2016 – October 2018



Bureau of Labor Statistics 11/2/18



Compensation Philosophy

Sound Transit's compensation methodology works to ensure a market competitive compensation package at market midpoint, neither lagging nor leading the market.

The compensation program works to:

- Attract, motivate and retain highly qualified employees
- Provide competitive salaries in recognition of changing labor market factors and job responsibility
- Promote internal equity throughout the agency
- Reward contributions and achievement by aligning pay with performance
- Steward responsible spending of tax-payer dollars



CEO Compensation Market Study



MRP = market reference points

Market Average = average of market reference points



CEO Compensation Market Study

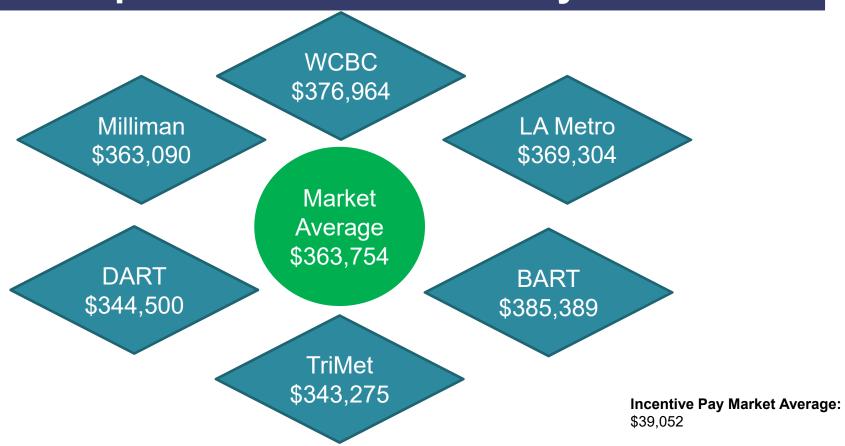
Gathered Market Reference Points from variety of sources:

- Milliman Survey
- Western Compensation & Benefits Transportation Survey
- Other Transit Agencies: LA Metro, BART, DART, & TriMet

Applied Cost of Living Differentials to adjust upward or downward to ensure a valid comparison of compensation



CEO Compensation Market Study







Performance Management Process

Annual Performance Goal Setting



Continuous Feedback



Annual Performance Review



Pay for Performance

Performance Rating	Merit Increase		
Outstanding	5%		
Excellent	4%		
Successful	3.5%		
Needs Improvement	1.0%		
Unsatisfactory	0.0%		



CEO Market Pay Options

Aligned to ST Performance Management System

First Year Compensation		
Assumes performance rating of successful		
Base Salary	\$	360,000
2019 Performance Award	\$	4,000
Total	\$	364,000

Second Year Compensation		
Assumes performance rating of successful		
Base Salary	\$	372,600
2020 Performance Award	\$	4,000
Total	\$	376,600

Third Year Compensation		
Assumes performance rating of successful		
Base Salary	\$	385,641
2021 Performance Award	\$	4,000
Total	\$	389,641

First Year Compensation		
Assumes 5% step increase & 5% bonus		
Base Pay	\$	344,972
2019 Performance Award	\$	17,249
Total	\$	362,221

Second Year Compensation		
Assumes 5% step increase & 5% bonus		
Base Pay	\$	362,221
2020 Performance Award	\$	18,111
Total	\$	380,332

Current Contract Compensation Terms

Third Year Compensation		
Assumes 5% step increase & 5% bonus		
Base Pay	\$	380,332
2021 Performance Award	\$	19,017
Total	\$	399,349

Annualized Difference Option 1 vs 2

1,779

(3,732)

(9,708)

