

Date: September 27, 2023

To: Board of Directors

From: Ozzie Gonzalez, Board President

Subject: **RESOLUTION NO. 23-09-43 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) ADOPTING THE MERCER GENERAL MANAGER MARKET STUDY REGARDING SALARY**

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) adopt the Mercer General Manager Market Study regarding salary for transit organization chief executives, and authorize TriMet’s Executive Director for Labor Relations and Human Resources or her designee to establish a pay grade for the General Manager position consistent with the Mercer Study salary range.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other: Adopt a General Manager salary range and authorize the establishment of a pay grade consistent with that range.

3. Reason for Board Action

This Board action is necessary prior to negotiating and executing a new employment contract with the TriMet General Manager.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

During the search for a new TriMet General Manager in early 2021, the TriMet Search Committee’s work included engaging the Milliman consulting firm to conduct a General Manager Market Study (Milliman Study) in order to determine a nationally competitive range of salary and benefits that TriMet could offer to its new General Manager.

At a special public meeting on June 16, 2021, the Board passed Resolution No. 21-06-22 adopting the Milliman Study. The Board also passed Resolution No. 21-06-23 authorizing the Board President to negotiate an employment contract with Sam Desue, Jr., the newly selected General Manager, consistent with the salary range supported by the Milliman Study. That salary range was: Minimum \$288,739, Midpoint \$360,926, Maximum \$433,111.

At its regular June 23, 2021 meeting, the Board approved a three-year employment contract for the new General Manager with an annual salary of \$344,000 (Resolution No. 21-06-33). Since that date, including most recently in September 2022, the Board has approved merit increases, bringing the General Manager's current salary to \$364,950.

It has been well over two years since the Milliman Study, and during that time the market for chief executive transit officers has changed markedly. The "silver tsunami" that had started prior to COVID-19 accelerated during the pandemic, with numerous transit CEOs retiring around the United States -- including TriMet's former General Manager, in March 2021. This has resulted in a smaller pool of experienced chief executives in the transit industry overall, a commensurate increase in salary and benefits for transit CEOs as the market has tightened, and aggressive efforts to recruit transit CEOs to leave their current positions and join other transit agencies.

Recognizing this, and consistent with TriMet's practice of conducting General Manager market studies every few years, TriMet's then-Board President Dr. Linda Simmons authorized TriMet to retain the international consulting firm Mercer to conduct a new General Manager Market Study (Mercer Study). Mercer is reporting the results of its Study at TriMet's September 27, 2023 Board meeting. The Mercer Study identified a market rate that supports a General Manager salary range as follows: Minimum \$329,602, Midpoint \$412,002, Maximum \$494,403.

This Resolution would adopt the Mercer General Manager Market Study for salary and authorize TriMet to establish a pay grade for the General Manager position consistent with the Mercer Study salary range. This will allow TriMet to offer a competitive total remuneration package to the incumbent General Manager during a Board-authorized negotiation of a new employment contract between TriMet's Board President and the General Manager.

6. Financial/Budget Impact

If adopted, this Resolution would bring the range of salary TriMet could offer to the incumbent General Manager within the current competitive nationwide range for salaries for transit organization chief executives. The change would have a minimal effect on TriMet's overall budget for salaries.

7. Impact if Not Approved

If not approved, TriMet may not be able to retain a highly qualified General Manager for another contract term, or recruit a new General Manager if the current one retires or otherwise leaves the Agency.

RESOLUTION NO. 23-09-43

**RESOLUTION NO. 23-09-43 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) ADOPTING THE
MERCER GENERAL MANAGER MARKET STUDY REGARDING
SALARY**

WHEREAS, the TriMet Board of Directors (Board) has authority under ORS 267.135 to appoint a General Manager and determine compensation; and

WHEREAS, TriMet engaged the Mercer consulting firm (Mercer) to conduct a General Manager Market Study (Market Study) in order to determine a nationally competitive salary range that TriMet could offer to a General Manager; and

WHEREAS, at the Board's September 27, 2023 regular meeting, Mercer presented its Market Study regarding a competitive salary range, applicable to transit industry chief executives, and its results support the following salary range for the General Manager position: Minimum \$329,602, Mid-point \$412,002, Maximum \$494,403; and

WHEREAS, TriMet's General Manager pay grade must be raised from 30 to 31 to accommodate that salary range;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board approves and adopts the Mercer Study and establishes the following salary range for its General Manager:
Minimum \$329,602; Mid-point \$412,002; Maximum \$494,403.
2. That TriMet's Executive Director for Labor Relations and Human Resources or her designee is authorized to increase the General Manager salary grade from 30 to 31.

Dated: September 27, 2023

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



General Counsel