

***CANBY UTILITY
SPECIAL BOARD MEETING
NOVEMBER 18, 2014
6:30 P.M.***

AGENDA

- I. CALL TO ORDER
- II. AGENDA
 - Additions, Deletions or Corrections to the Meeting Agenda
- III. CONSENT AGENDA
 - Approval of November 18, 2014 Agenda
- IV. CITIZEN INPUT ON NON-AGENDA ITEMS
- V. PRESENTATION Compensation Study Results – Kellie Tresch, HR Answers (pp. 1-6)
- VI. PRESENTATION General Manager Recruitment Process – Heather Gantz, Waldron (pg. 7)
- VII. ADJOURN



MEMORANDUM

November 14, 2014

TO: Chairman Cornelius, Member Wagner, Member Maxwell, Member Potter
and Member Daniels

FROM: Barbara Benson, Board Secretary

SUBJECT: Compensation Study Results

In June 2012, the Board of Directors adopted Procedure 405, establishing an exempt employee compensation plan. The plan identifies the frequency of market studies in order to maintain competitive salaries for recruitment and retention. Attached is a copy of the procedure for your review.

In September, we engaged HR Answers to conduct the compensation study, which was scheduled for later this year, but moved up due to Matt's resignation. The Board decided at that time to have HR Answers begin collecting data for all management level positions; however, they requested the consultant expedite the results of the study for the General Manager to assist in the recruitment process.

Kellie Tresch, a Senior Consultant for HR Answers, will present the results of the study for all management positions at the Special Board Meeting on November 18. She will discuss her findings and answer the Board's questions at that time.

CANBY UTILITY

PROCEDURE 405

June 2012

Exempt Employee Compensation Plan

I. Purpose

Well qualified and dedicated employees are a key component to Canby Utility (CU) meeting its mission. The Compensation Plan (Plan) has been developed to maintain a program of internally and externally equitable salaries.

II. Scope

This procedure applies to CU's exempt, full-time positions.

III. Policy

CU strives to pay its employees a total compensation package that is competitive with those in the region and industry, recognizing individual effort and contribution to CU's success. The Plan focuses on being competitive, rewarding knowledge, skills, tenure and performance, as well as being centered on values. The Board of Directors (Board) is responsible for establishing policy for the Plan, with the General Manager being responsible for executing the Plan, and the Administration/HR Manager responsible for maintaining the Plan's procedure. The Plan will be executed in line with the employee's overall performance.

IV. Compensation Program Elements

A. Salary Ranges

Minimum and maximum dollar values are established by CU and each employee covered by the Plan has an established salary range. The Administration/HR Manager maintains current salary schedules. Salary ranges and steps are approved by the Board.

1. Minimum Range

The minimum of the appropriate salary range is the rate of pay for newly hired employees and the minimum rate of pay at any time. New employees will be hired at the minimum salary. New employees with experience and/or education significantly exceeding the job description may be hired at a rate of pay within the salary range.

2. **Maximum Range**

The maximum of a salary range provides an upper limit of pay for employees and the maximum to be paid at any time. However, it is not an absolute limit, and the condition described in Section A.6 may allow an employee to be paid above the maximum.
3. **Range Spread**

The salary range for each position consists of a thirty percent (30%) spread from minimum to maximum salary with the market average as the mid-point. The Board-approved market-average will be placed in "Step 3". Calculations for determining salary ranges are subject to change based on recommendation of compensation consultants.
4. **Salary Range Approach**

CU applies a salary range for each exempt position that has been approved by the Board through a recommendation from the independent compensation consultant and the General Manager. The range is used to calculate salary steps. Salary steps are created by using an equal spread in dollars between steps with the exception of the probationary step being set at 50% of the equal spread in dollars.
5. **Cost of Living Adjustment**

The salaries and salary ranges of management team employees will be adjusted on a yearly basis based upon the "1st half" of year published Consumer Price Index (CPI-U) for Portland-Salem. The index is typically announced in August each year and retroactively applied to the salaries and salary ranges at the beginning of the fiscal year. A negative index will not impact employee salaries or ranges. In that scenario, salaries and ranges will reflect a 0% increase for that year. This index will be used until such time as Congress changes the method used for cost of living escalation applications for salary and salary range adjustments, and a new standard is adopted in lieu of the CPI-U standard for subsequent fiscal years. On an annual basis, the General Manager will report to the Board on the status of CPI-U adjustments.
6. **"Red-Circle" Salary**

If market rate compensation study reveals that an employee is paid above the maximum at the time the range for the position is established, or if the position is re-evaluated and reclassified to a lower range, the salary may be "red circled" or reduced. The employee will be considered ineligible for an increase in pay until an adjustment in the salary range brings the rate within the established range for the position. The adjustments to

ranges are typically the result of a market salary study or cost of living increases.

B. Salary Steps

Salary steps are how employees progress through a salary range throughout their CU career. CU uses a five (5) step plan, plus a probationary half-step.

1. Step Progression

An employee will progress to the next step by:

- Successfully meeting job performance expectations as a condition of their newly appointed position, new hire or promotion, referred to as completing the six (6) month probationary period. Employees in this situation will be eligible for a half-step progression. Probationary periods may be extended at the discretion of the General Manager.
- Successfully meeting job performance expectations on the employee's service anniversary for each step.
- Employees whose tenure has exceeded the range for steps will likely top out at the maximum salary for their range providing performance expectations have been met. Should a salary study adjust the range upwards, the employee's current salary shall be placed within that range. The employee will then advance to the next step at their subsequent anniversary, again providing performance expectations are met. Should that next step have minimal salary impact due to where the rate falls in comparison to their existing salary, the General Manager, with the approval of the Board, may approve the salary be increased by two steps.

2. Oversight

Completion of the exempt employee's evaluation and General Manager-approved step increase results will be reported to the Board. The Board will participate in the Board Secretary-Clerk's performance reviews, as that position also directly reports to the Board, which may impact his/her salary steps. Under the Canby City Charter, the Board has final approval of the Board Secretary-Clerk's compensation. Upon recommendation and justification from the General Manager, the Board may authorize an employee to be compensated at a rate above their next scheduled step increase if exemplary performance justifies the action.

C. Salary Review Frequency

The first salary review after employment will occur at the end of six month's service or when the employee successfully completes his/her probationary

period. Subsequent salary reviews will be held on or about the employee's annual employment anniversary thereafter.

D. Promotion

A promotion is a change in status for an employee to a higher range position. Employees, changing from one position to another, will be subject to a new job probationary period with the eligibility for a half-step salary adjustment upon successful completion of the job probationary period. In this situation, benefits will not be affected.

E. Promotion Increases

An employee shall be moved into the step for the new position, having the least impact on their existing salary. The date of promotion establishes a new anniversary date for salary review.

F. General Salary Adjustment

General salary adjustments may be given to all or selected pay ranges when the local and/or regional economic factors indicate the pay ranges are falling below competitive marketplace salaries for equal or comparable job positions. If the General Manager determines such adjustments are appropriate, he/she will submit the request for adjustment to the Board for approval.

G. Maintaining Competitive Salaries

It is the Board's desire that CU's salaries remain competitive to attract, retain and motivate committed, hard-working, creative and thoughtful employees who support our mission and values. To ensure salaries remain competitive, a market study is conducted to determine if adjustments are necessary. The market study process will begin within three (3) months of the represented employees' contract ratification or as the Board directs. CU will engage a consultant to obtain an unbiased and impartial study. The consultant, with the assistance of the Administration/HR Manager and oversight by the General Manager, will establish a list of suitable comparators for the industry and region. In addition to salaries, benefits may also be evaluated as part of CU's total compensation package. The results of the consultant's study will be presented to the Board for review and consideration.

V. Salary Ranges

The salary ranges are incorporated herein and attached as reference. The attached ranges are adjusted annually, according to Resolution No. 188 and do not affect the Plan procedures.

This procedure was adopted by the Board of Directors on 12th day of June, 2012.



Barbara Benson, Board Secretary

6-12-12

Date



MEMORANDUM

November 14, 2014

TO: Chairman Cornelius, Member Wagner, Member Maxwell, Member Potter and Member Daniels

FROM: Barbara Benson, Board Secretary

SUBJECT: Special Meeting: General Manager Recruitment Process

Canby Utility entered into a professional services contract with Waldron for the purpose of conducting an executive search for a new General Manager. Heather Gantz, a Senior Consultant for Waldron, conducted individual meetings with Board and management team members, as well as the electric, water and office staff in several group settings. The purpose of these meetings were to help her learn about our organization, our culture and to help her develop a candidate profile.

She will be here Tuesday to meet with the Board and discuss the process, select and refine the GM position key competencies and answer questions the Board may have.