

METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 15-17

For the purpose of adopting changes to the MERC Personnel Policies.

WHEREAS, the Metropolitan Exposition Recreation Commission (MERC) is authorized to adopt personnel policies pursuant to Metro Code Sections 2.02.010 (b) and 6.01.040 (a); and

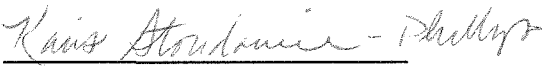
WHEREAS, MERC periodically updates the MERC Personnel Policies (the Personnel Policies) in accordance with both legal requirements and agency-wide policies.

THEREFORE BE IT RESOLVED: That the Metropolitan Exposition Recreation Commission adopts the changes to the Personnel Policies in a form substantially similar to the attached Exhibit B.

Passed by the Commission on September 2, 2015.




Chair



Secretary-Treasurer

Approved As To Form:
Alison R. Kean, Metro Attorney


By: _____
Nathan A.S. Sykes, Deputy Metro Attorney

MERC STAFF REPORT

Agenda Item/Issue: For the purpose of adopting changes to the MERC Personnel Policies.

Resolution No.: 15-17

Date: September 2, 2015

Presented by: Mary Rowe, Metro Human Resources Director

Background and Analysis:

The MERC Commission last approved a complete personnel policy manual for venue staff in August 2007. Beginning in 2011, Metro's Human Resources Department began a project to review and update both the MERC policy manual and Metro's policy manual, Executive Order #88, with the goal of developing one set of agency-wide personnel policies and procedures. The policies are being updated and implemented on a rolling basis in an order determined by legal changes and business needs. The policy to be approved under this resolution is the Compensation Policy. This policy articulates a compensation philosophy for the organization, clarifies how pay rates will be established, replaces Metro and MERC Compensation Policies, and provides an overarching framework for other existing policies that address employees' pay rates and classification. Human Resources staff developed this policy in consultation with the SLT.

Long Range Fiscal Impact: There is no fiscal impact associated with the requested policy change.

Recommendation: Staff recommends that the Metropolitan Exposition and Recreation Commission, by Resolution No. 15-17, approve the changes to the Personnel Policies in a form substantially similar to the attached Exhibit B.

EXHIBIT A TO RESOLUTION 15-17: SUMMARY OF PERSONNEL POLICY FOR MERC COMMISSION VOTE

September 2, 2015

Below is the draft policy for your review. The proposed Compensation Policy is intended to supersede those listed from the Metro Employee Handbook (EO #88) and the MERC Personnel Policies Handbook (8/1/07). The proposed policy listed in this document was presented to the Commission on August 5, 2015. New edits made at the recommendation of the Commission, Office of Metro Attorney, and/or the Metro Senior Leadership Team following the August 5, 2015 Commission meeting are noted in bold italics.

Policy	Existing MERC Policy	Existing Metro Policy	Applicable Legal Provisions	Policy Summary/Explanation of Change	Fiscal Impact	Business Impact
Compensation	MERC §§ 5-6 Classification Plan and Compensation	E.O. 88 §§ 6-10	N/A	Details the goals of compensation at Metro; establishes a compensation philosophy of paying competitively with the regional public, as appropriate, private sectors markets; defines a variety of compensation-related terms; and includes guidelines for establishing pay, classifying positions, implementing pay actions and conducting classification and compensation studies.	N/A	Clarifies goals, philosophy, processes and authority.


Metro | *Policies and procedures*

Subject **Compensation Policy**

Section **Human Resources**

Approved by

DRAFT

8/17/15

POLICY

It is Metro's policy to develop and adhere to consistent and transparent compensation practices. Metro shall establish compensation rates for classifications that take into account internal equity, labor market considerations, total compensation, characteristics such as knowledge, skills and abilities required of the work, and Metro's economic condition. It is the goal of Metro to set compensation that:

- Attracts, motivates and retains a highly qualified workforce;
- Supports Metro's commitment to diversity with equitable pay and benefits for staff in similar positions and with similar levels of responsibility;
- Promotes organizational effectiveness; and
- Maintains public trust in fiscal stewardship.

To achieve these goals:

- Total compensation, both direct and indirect (wages, premium pay, health benefits, paid leave etc.) are all considered in determining appropriate levels of compensation for employees.
- Wages are considered "externally competitive" as compared to positions at identified comparable organizations. Comparable positions for Metro and its visitor venues are generally based on such factors as type of business, volume, budget, primary position responsibilities and other similar factors.
- Consider additional factors such as internal equity of like or similarly responsible positions, compression between classifications, recruitment and retention of highly qualified employees.
- Annual adjustments to the compensation rates may be made based upon a formula that considers the consumer price index, Metro's economic conditions and other factors.
- Implementation of this policy will comply with all applicable laws and regulations.

Metro recognizes and acknowledges the legitimate role of collective bargaining in determining compensation for represented employees. Compensation for represented employees is established through the collective bargaining process.

Applicable to

All non-elected Metro employees, excluding the Metro Auditor's Office.

Where provisions of an applicable collective bargaining agreement directly conflict with this policy, the provisions of that agreement will prevail.

Definitions

Career ladder advancement: A career ladder advancement is a type of reclassification, specific to certain classifications, with its own criteria and a modified request process.

Classification: A group of job positions with similar duties, responsibilities and authority, for which similar qualifications may be required, and for which the same pay range shall be applied.

COLA: A cost of living adjustment which may be tied to a consumer price index.

Compression: When there is little to no difference between pay, such as pay between supervisors and subordinates, between a new hire and an existing employee, or between pay grades or classifications of positions.

Internal equity: Relative importance or value of a position compared to other positions in that or similar classifications. This is often based on position complexity and level of responsibility, decision making authority, consequence of error, specialized functions, and so on. It is sometimes referred to as internal alignment.

Job announcement: Marketing tool used to inform potential candidates about Metro and the specific position being recruited for.

Job description: Comprehensive inventory of all position-specific information. Documents individual position responsibilities and outlines essential and additional duties; job specifications, such as education, experience, knowledge, skills and abilities; tools and equipment used; and working conditions and physical demands.

Job information questionnaire (JIQ): Questionnaire designed to collect information about the important and defining characteristics of specific positions at Metro. The questionnaire serves a number of purposes including providing a basis for position analysis and to prepare classification specifications, job descriptions and job announcements.

Market competitiveness: Metro compensation relative to the applicable labor market based on the point in the market that Metro selects to compensate its positions.

Merit increase: An increase to the base pay of an employee based on the employee's job performance as documented in a written performance appraisal.

Non-represented employees: All employees who are not represented by a collective bargaining agreement, an employment contract or who are categorized as "unclassified."

Promotion: Advancement to a classification in a higher pay range. Typically an employee must apply and be selected for a promotion (making it different than a reclassification).

Reclassification: An official change to the classification of a position due to an ongoing business need. Reclassifications may be upward, downward or lateral.

Red-circle: Freezing of an employee's pay rate when it exceeds the top of their classification's pay range (usually as a result of reassignment or voluntary demotion). During a red-circle period, an employee is generally not eligible for any pay increase unless/until the top of the classification's pay range exceeds their pay rate. Red-circling typically lasts for twelve months, at which time pay will be reduced to the top of the employee's new pay range.

Regular status: An approved and budgeted position; funding is ongoing in nature.

Working out-of-classification (WOC): Short-term, temporary solution to address a workload need usually for employees assigned to provide coverage while another employee is on leave or during periods when another position is vacant or there is a short term, project-based need for higher-level work.

Guidelines

The Human Resources Department is responsible for developing and administering Metro's compensation philosophy, policy and corresponding guidelines and procedures. Metro's compensation philosophy, policy, guidelines and procedures provide a foundation for how positions are compensated to ensure consistency and transparency, fiscal responsibility and legal compliance while providing flexibility to meet the needs of the agency's diverse services and jobs.

Compensation Philosophy

Metro views compensation as a management tool intended to support the organization's goals, culture, business, operational and financial needs; to recognize the value of employees in the workplace; to attract, motivate and retain a highly qualified workforce; and to encourage professional growth and retention of diverse, qualified, motivated, and high performing employees. A strong compensation system will contribute to Metro being an effective and high functioning organization.

Metro values planning for and prioritizing compensation needs, implementing compensation-related actions with fairness, consistency and fiscal responsibility and being both transparent and flexible enough to effectively respond to changing organizational needs and economic issues. Metro believes an effective compensation system is an important tool for reducing time, money, unnecessary turnover and personnel issues associated with inconsistent compensation planning and practices and for providing a better sense of predictability for Metro and its employees. Metro's

Compensation Philosophy is made operational through this policy, which sets forth broad guidelines and procedures for administering compensation.

For all positions, Metro strives for consistent differentials between positions in a series; between regular and lead positions; and between supervisory and subordinate staff positions. Discrepancies may be appropriate depending on employee qualifications, length of service, or other factors.

PROCEDURES

1. Establishing pay/market competitiveness
2. Initial classification
3. Pay actions (initial placements, reclassifications, temporary pay actions, etc.)
4. Classification and compensation studies

1. Establishing pay/market competitiveness

It is the goal of Metro to compensate positions competitively, in order to attract and retain a well-qualified workforce. When establishing pay, Metro will consider the applicable external labor market as well as internal factors including the overall equity of positions and the organization's ability to pay.

Pay for position classifications are determined through market analysis using primarily local and/or regional published survey data of agencies with positions similar in function to those of Metro. For some positions, the market will be exclusively public sector organizations. For others, the market will be a mix of public and private sector employers. In some cases, national or custom data collection may be necessary, such as for industry-specific, difficult-to-recruit or other positions that have insufficient published survey data.

Metro's goal is to conduct market studies on one or more of its position groups every 3-5 years. Market study processes will adhere to sound compensation practices to determine whether jobs surveyed match Metro's jobs and are considered comparable, factor in cost of living differentials for comparables that are out of the region, ensure that pay data is current, and so on. Specific market study processes can be conveyed at the beginning of a market study.

2. Initial classification

The Human Resources Department is responsible for establishing compensation rates for all newly created positions. This is typically referred to as the initial classification process.

For newly created positions, managers shall work with the Human Resources Department for an initial classification analysis. Human Resources will review the proposed position duties; review current positions and classifications and relevant classification/compensation issues to ensure internal equity; and may conduct a market study as needed. Human Resources will work with the manager to develop a job description and make a classification recommendation.

If there is no appropriate existing classification for a new position to belong to, a new classification will need to be developed or an existing classification may be modified, which may necessitate a more in-depth classification and/or compensation review. New classifications or significant changes to existing classifications shall be negotiated with the applicable bargaining unit, if any, per the respective collective bargaining agreement. All new and/or significantly revised classifications must go through administrative channels for approval, typically by the Deputy Chief Operating Officer (COO) or General Manager.

If a manager is filling a vacancy or adding a position that is already part of the classification system and has budget approval, the manager may proceed directly to the recruitment and selection process. An initial classification analysis is strongly encouraged for non-recurring vacancies (i.e. former employee had been in the position for several years) to ensure the job duties and classification are still appropriate.

3. Pay Actions

Human Resources makes, reviews and/or processes pay action recommendations; some actions require final approval by the Deputy COO.

Pay actions include:

- Initial placements (new hires)
- Promotions
- Pay range progression (COLA, merit, step increases)
- Reclassifications
- Career ladder advancements
- Work-out-of class pay (WOC)
- Reassignments
- Compression adjustments

Initial placements (new hires)

An attempt should be made to hire new employees at the minimum of the pay range or as close to it as possible. Circumstances that may warrant pay higher than the minimum rate include, but are not limited to: experience, prior compensation history, difficulty of successfully recruiting for the position, specialized needs of Metro, or other relevant factors such as internal equity, reassignments and transfers. When considering initial placement, ensuring there is pay equity among employees in the same or similar positions is essential, and managers should consult Human Resources so they take all relevant factors into consideration before making an initial pay offer.

For non-represented regular positions, hiring managers in consultation with Human Resources, may make initial pay determinations to the top of the first quartile of the classification. Placement higher than the first quartile requires justification by the hiring manager and approval by Department Director and the Human Resources Director or designee; placement above midrange requires justification by the hiring manager and approval by the COO or designee and

should be done in consultation with Human Resources. Justification will be maintained as part of an employee's personnel file.

For represented positions, including represented temporary and seasonal positions, initial placement depends on the position's specific pay range. In general and for positions with several step pay scales, placements over the equivalent of the first quartile or midpoint should follow the processes for approval outlined above. Ensuring there is pay equity among employees in the same or similar positions is essential, and managers should consult with Human Resources so they take all relevant factors into consideration before making an initial pay offer.

For non-represented temporary positions, placements will be made depending on responsibilities. Placements may be made at the minimum of the salary range for a similar, regular position, or, in cases where a temporary employee will not perform the full scope of a position's duties, placements below the minimum of a classification's range may be acceptable.

See the Probation Policy for information about end-of-probation increases.

Promotions

Promotional placements shall follow the initial placement procedures above. If an employee's current rate of pay is more than where the employee would be placed based on the initial placement procedures (typically due to length of service), the promotional placement will be 5% above the employee's current rate of pay but in no case will exceed the top of the new salary range. The employee's job class entry date shall reflect the effective date of the promotion.

See the Probation Policy for information about promotional end-of-probation increases.

Pay range progression (COLA, merit, step increases)

Cost of Living Adjustment (COLA)

For eligible employees, COLA adjustments are typically processed on July 1 annually. Pay schedules will also be adjusted by the COLA amount. Under no circumstances should the increase result in the employee being paid above the top of the range.

The amount of the COLA will be influenced by Consumer Price Index (CPI) for Portland Salem OR-WA Urban Consumers for the preceding calendar year and the Metro budget; for represented employees, COLA amounts or calculations, if any, are negotiated through the collective bargaining process.

COLA amounts and eligibility will be determined and communicated annually in advance of July 1.

Merit Pay

It is Metro's goal to administer annual merit increases for eligible non-represented staff based on satisfactory performance in order to provide employees with opportunities to progress through their pay ranges. Performance documented in an annual performance evaluation will determine whether an employee is eligible for a merit pay adjustment. If an employee receives a rating lower than "successful," he/or she will not be eligible for a merit increase.

Employees on probation at the beginning of a fiscal year (July 1) will not be eligible for the merit increase administered that year, and merit increases may be prorated for employees who received post-probationary increases in the fiscal year proceeding July 1.

The availability and amount of the annual merit increase may vary from year to year based on Metro's financial condition. Increases may not be available every year, though the intent is to provide opportunities for merit increases annually. Annual increases are never guaranteed. If an ongoing increase is not available, Metro may determine other options to compensate non-represented staff. Merit increases will be prorated for employees who would exceed the top of their stated pay range by receiving the full merit amount. In no instance should an increase place an employee above the top of their pay range.

Step increases

Represented employees may receive annual pay increases as specified by their collective bargaining agreements.

Other Pay

Metro recognizes that there will be times that employees achieve significant milestones or perform well in excess of expectations and that there are times when adjustments need to be made to restore pay equity.

At those times when the regular processes for pay adjustments are not sufficient, directors should work with Human Resources staff to determine the options that exist for addressing the particular situation. Options may include additional one-time or ongoing pay, administrative leave, flexible scheduling, or other options.

Pay or reward options should be used sparingly and should be reserved for exceptional circumstances only.

Reclassifications

For temporary duty changes, see the section for working out of classification (WOC). Some classifications are eligible for career ladder advancement, which is similar to a reclassification, but has a modified request process. See the career ladder advancement section for more information.

Reclassifications should **not** be requested to address changes in how work is accomplished (i.e. new tools, new software, etc.) or where there is a vacant position

and filling the position through a recruitment would be more appropriate. While these changes may require training and time to get familiarized, they do not usually change the purpose or the overall responsibilities or complexity of the job. Additionally, reclassifications should **not** be requested to reward an employee for work well done or to increase the pay of an employee who has reached the top of his or her pay range.

Please refer to the reclassification procedures on the Metronet to request a reclassification.

Outcomes of reclassification:

Reclassified to a higher pay range:

The employee will be placed at the beginning pay rate of the new range or at the rate that is closest to a 5% increase above the employee's current rate of pay (not including any out of class pay an employee may already be receiving).

Reclassified to a lower pay range:

If the employee's pay rate is within the lower pay range, the employee's pay rate will not be reduced, and the employee will continue to be eligible for any step, merit or COLA increases he/she would ordinarily be eligible for.

If the employee's pay rate is above the maximum of the new pay range, the employee's pay will be red circled for a period of one year, at which time the employee's pay rate will be reduced to the maximum pay rate of the new classification. During the red circle period, and unless/until such time as pay falls below the maximum of the new range, the employee will not be eligible for any pay increases.

The effective date of a reclassification is the first day of the month the approved Reclassification Request/Fiscal Impact Statement form was received in Human Resources. The employee's anniversary date will be reset to the effective date of the reclassification. Unless otherwise specified by a collective bargaining agreement, there is no probationary period for reclassifications.

Career Ladder Advancement

A career ladder advancement is a type of reclassification, specific to certain classifications, with its own criteria and a modified request process. The employee's advancement depends on the department's business need to assign higher level responsibilities on an ongoing basis as well as the employee's readiness to assume higher-level responsibilities. In addition, the employee must fulfill certain criteria related to initiative and leadership, training and length of service in the current classification. Designated classifications will have specific career ladder advancement criteria listed in the classification description.

The career ladder request process is similar to the reclassification request process except that a career ladder request form is required **in addition to** the Reclassification Request/Fiscal Impact Statement form.

Please see Metronet for a list of classifications eligible for career ladder advancement.

Working out- of-class (WOC)

If a non-represented employee is assigned to work in a higher classification for a period in excess of ten consecutive work days, a manager or director may request WOC pay for the employee. The request should state the need for the WOC assignment, the duties the employee will be performing that warrant WOC pay, the start date, and the anticipated length of the assignment. Human Resources may conduct a preliminary analysis of the assignment to ensure the WOC assignment is appropriately classified.

Employees assigned WOC will be placed at the beginning pay rate of the range for the WOC position if they are taking on the majority of the duties or at a rate that most closely represents a 5% increase above the employee's current rate of pay. Ideally, effective dates for WOC assignments should coincide with the start of a pay period (the 1st or 16th of a month).

WOC assignments are meant to be temporary in nature and therefore should not exceed six months. If WOC is necessary beyond six months, extenuating circumstances must be provided, in writing, by the employee's manager or director, to Human Resources for approval. Managers should address WOC situations in a timely manner and avoid making retroactive requests when possible.

If an employee is working out of class and is ultimately reclassified to the higher level position, the working out of class time will not be considered when setting the reclassification date (e.g., if a person works out of class from January-April, and a reclassification request is submitted in March and is approved, the effective date of the reclassification would be March 1, not January 1).

Reassignments

When an employee applies and is selected for a position at a lower pay range or is reassigned to a position at a lower pay range as a result of a reorganization, cost-savings measure or other rationale, it is the immediate supervisor's responsibility to work with Human Resources to initiate a request for a reassignment (or through the administrative channels if it is part of a major reorganization).

The employee's pay shall not be reduced as long as it is within the pay range of the lower classification. If it is a voluntary demotion and the employee's pay is above the new pay range, it will be reduced to the highest rate of the new range. If it is an involuntary demotion and the employee's pay is above the new pay range, the employee's pay may be red-circled for a maximum of twelve months. At the end of twelve months, if the employee's pay is still above the maximum of the new pay range, the employee's pay will be adjusted downward to the maximum of the new range.

Employees whose pay is red-circled will not be eligible to receive cost of living or other base pay increases until the top of their new pay range exceeds their current pay rate. In no case shall an employee's current rate be increased upon demotion.

Compression Adjustments

Ensuring that supervisors and managers earn more than the staff they supervise is important for morale and for promotional opportunities to be appealing to non-supervisory staff. In general, Metro's goal is to ensure that supervisors and managers earn at least 10% more than their highest paid subordinate. There may be times that this is not warranted or feasible, and there may be times when more than a 10% differential is warranted. Human Resources will monitor compression annually. Depending on the available budget, adjustments to correct compression issues may be implemented over a period of time and not corrected entirely in one adjustment.

4. Classification and compensation studies

Classification and compensation studies are generally undertaken to review a larger group of classifications based on a high incidence of reclassification requests or turnover, a desire to streamline organizational structures, concerns about internal equity, for regular system maintenance, etc. They are initiated by Human Resources or Metro leadership and are conducted or managed by Human Resources. Because classification and compensation studies can be very large and complex, they must be planned for in advance and may be conducted by an outside consultant.

For classification studies, employees in the classification(s) being reviewed will typically be asked to submit a JIQ (Job Information Questionnaire) for a review of job duties. Classification descriptions are then reviewed to ensure work is accurately reflected and that there is equity in terms of how the classification is used organization-wide. Compensation studies focus on how Metro pays compared to the external market as well as to internal positions of like complexity (see establishing pay/market competitiveness section).

Human Resources forwards classification and compensation study recommendations to the COO or designated management team for review and approval. For represented positions, implementation of classification changes will adhere to collective bargaining agreements or be bargained as necessary. Compensation studies should be conducted at least every five years or as necessary for bargaining, major reorganizations, etc.

When, as part of a classification or compensation study, the salary range for any classification is increased, individual employees shall be placed within the new range at their current rate of pay or on the beginning salary rate of the new salary range if the beginning salary rate is higher than his/her current rate of pay. Timing of implementation may vary based on fiscal constraints.

When the salary range for an entire classification is decreased as a part of a classification/compensation study, the pay rates of the incumbents in the positions shall be red-circled until such time as pay rates are within the new salary range. Employees

will only be eligible for salary adjustments at such time as their pay rates are within the new salary range.

Responsibilities

Employee:

1. Keep informed of the compensation policy and corresponding guidelines and procedures.
2. Communicate compensation concerns with their supervisor or Human Resources as appropriate.

Supervisors:

1. Determine staffing and position needs and responsibilities – works with Human Resources to initiate classification and reclassification reviews and pay actions and develop job descriptions and job announcements; serve as a resource providing information for classification and compensation studies.

Department Director, Manager or Supervisor:

1. Informs Human Resources when an employee has been reassigned to work out of class, and when the assignment ends.
2. Approves and signs reclassification requests/fiscal impact statements.
3. Approves pay actions such as those related to working out of class or reclassification.
4. Serves as a resource providing information for classification and compensation studies.

Deputy Chief Operation Officer (DCOO) and General Manager:

1. Final approval for newly created classifications and reclassifications and for new employees hired above midpoint.

Chief Operation Officer (COO):

1. Approves the compensation policy and corresponding guidelines and procedures.
2. Allocates funds for compensation administration.
3. Approves large classification and compensation studies; allocates funds and serves as final approval for study recommendations.

Budget Coordinator:

1. Reviews and signs reclassification requests/fiscal impact statements.
2. Forecasts and budgets costs; facilitates funding.

Human Resources:

1. Develops and administers the compensation policy and corresponding guidelines and procedures; regularly reviews the policy and associated systems to ensure compliance.
2. Serves as a resource to management and employees for compensation needs.
3. Works with Finance and Regulatory Services and the COO to review budget implications of annual increases and make recommendations accordingly.
4. Processes all compensation actions, ensuring compliance with all record-keeping requirements.

5. Communicates compensation information and any updates or changes to employees and others as appropriate.
6. Conducts routine and/or periodic classification and compensation studies.

References

Performance Appraisal Policy
Probation Policy
Recruitment/Selection Policy
Collective bargaining agreements