

**METROPOLITAN EXPOSITION-RECREATION COMMISSION**

**RESOLUTION NO. 98-35**

For the purpose of approving a two percent ( 2%) labor market pay increase for all non-represented full time and part-time MERC employees, authorizing a lump sum performance award and directing staff to design and implement a new, performance based compensation system.

The Metropolitan Exposition-Recreation Commission finds:

**WHEREAS**, the Commission has made the commitment to neither lead nor lag in the market when compensating employees;

**WHEREAS**, a two percent (2%) labor market adjustment in employee pay will keep MERC competitive in the market;

**WHEREAS**, employees have strongly contributed to the success MERC has enjoyed over this last fiscal year;

**WHEREAS**, the Commission wishes to recognize employee contributions over this last fiscal year in the form of a lump sum performance award;

**WHEREAS**, as MERC continues to operate in an ever more competitive marketplace necessitating a high level of employee performance, the Commission wishes to develop a compensation system that recognizes and rewards employee performance;

**BE IT THEREFORE RESOLVED** as follows:

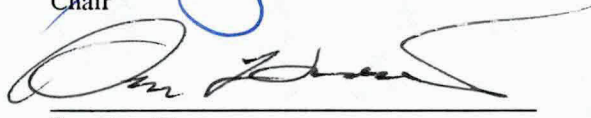
1. Effective July 1, 1998 all MERC non-represented employees, both full time and part-time shall receive a labor market adjustment pay increase of two percent (2%.)

2. In recognition of MERC's over-all success this past fiscal year, on August 10, 1998 non-represented, full time employees who have worked 2080 hours or more in Fiscal Year 1997-98 and who are still employed at MERC as of August 10, 1998 will receive a before tax lump sum performance award of \$ 1,000. Non-represented, part-time employees who have worked 1040 hours or more in Fiscal Year 1997-98 and who are still employed at MERC as of August 10, 1998 will receive a before tax lump sum performance award of \$ 500. Those employees who have worked less hours than indicated above will receive a pro-rated performance award.

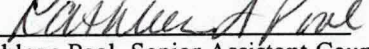
**BE IT FURTHER RESOLVED** that the Commission directs its staff to design and implement a performance based pay system during fiscal year 1998-99 to be fully in place and operational beginning July 1, 1999.

Passed by the Commission on June 10, 1998.

  
Chair

  
Secretary/Treasurer

APPROVED AS TO FORM;  
Daniel B. Cooper, General Counsel

By:   
Kathleen Pool, Senior Assistant Counsel

## MERC STAFF REPORT

**Agenda Item/Issue:** Approval of a two percent ( 2%) labor market pay increase for all non-represented MERC employees, authorization of a lump sum performance award to employees and direction to staff to design and implement a new, performance based compensation system.

**Resolution No. 98-35**

**Date:** June 10, 1998

**Presented By:** Mark B. Williams

**BACKGROUND:** The Metropolitan Exposition-Recreation Commission has 260 active non-represented employees, 90 of which are full time employees. In the past, MERC has operated under a traditional government compensation system that had a series of classifications and 5% "merit" step increases within each classification. The "merit" increases had become automatic, annual increases. In addition to merit pay, employees had also received annual cost of living adjustments (COLA) roughly equivalent to the Consumer Price Index (CPI.) Three years ago, due to lack of funds, merit increases were frozen across the board. A one-time bonus was awarded to eligible staff members in July of 1996 along with a 2.8% COLA. In 1997, staff received a 2.5% labor market adjustment at the conclusion of the market compensation study along with a 2.7% COLA. Some employees received additional increases as a result of market based salary range changes recommended by the study.

In early 1997, the Metro Code was amended to institute a new more entrepreneurial structure for MERC. Under this new structure, MERC must operate in a competitive, market driven environment where strong performance ensures its success. A good part of MERC's success will depend upon the performance of its employees. MERC's compensation system should be re-designed to reflect the performance based concept.

The performance based concept is new to MERC and it is important to transition into it under a systematic and fair plan. The Senior Management Team has discussed how to approach this needed change and concluded that the need for outside, professional help is warranted. In May of 1998 a selection committee consisting of members of the Senior Management Team and an outside Human Resource professional recruited for and selected a professional human resources consulting firm, Buck Consultants of Seattle, Washington. Buck has been hired to aid MERC staff in the design and implementation of its new performance based compensation system.

Working together, the Senior Management Team and Buck have designed a series of actions which will effectively transition MERC from a traditional, governmental pay

system to acceptance of a new pay for performance compensation system. These suggested actions are:

1. Effective July 1, 1998 all MERC non-represented employees, both full time and part-time shall receive a labor market adjustment pay increase of 2% to keep competitive pace within our industry.

2. In recognition of MERC's over-all success this past fiscal year, on August 10, 1998, non-represented, full time employees who have worked 2080 hours or more in Fiscal year 1997-98 and who are still employed at MERC as of August 10, 1998 will receive a before tax lump sum performance award of \$ 1,000. Non-represented, part-time employees who have worked 1040 hours or more in Fiscal year 1997-98 and who are still employed are MERC as of August 10, 1998 will receive a before tax lump sum performance award of \$ 500. Those employees who have worked less hours than indicated above will receive a pro-rated performance award.

3. From July 1<sup>st</sup> through December 31<sup>st</sup> with assistance from Buck Consultants, MERC will be involved in developing its employee compensation system. All employees will participate and contribute. When January 1, 1999 arrives, MERC will have its new compensation system designed and in place. Proper resources and training will have been developed and the system will have been well communicated to all MERC employees. MERC will then be ready to initiate its new system. From January 1 through June 30, 1999 employees will be evaluated under the new system. Each employee will have the opportunity to demonstrate how he or she contributes individually to department, facility and MERC-wide objectives.

4. Effective July 1, 1999 each MERC non-represented employee will be eligible for a pay adjustment based on individual performance and available funds.

**FISCAL IMPACT:** Buck consultants have been hired under a contract at a not-to-exceed amount of \$ 41,270 falling under miscellaneous professional services in the FY 1998-99 budget. MERC-wide budget impact of the 2% market adjustment is estimated to be \$ 128,500. Budget impact of the first lump sum performance award is estimated to be \$ 181,775. These three budget impacts fall well below the amounts budgeted for FY 1998-99.

**RECOMMENDATION:** Staff recommends that the Commission approve a two percent (2%) labor market adjustment for all MERC non-represented employees and that on August 10, 1998 non-represented MERC staff receive a before tax lump sum performance award of \$ 1,000 for eligible full time employees and \$ 500 for eligible part-time employees. Further, staff recommends that the Commission direct staff to design and implement a new, performance based compensation system.