

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 07-30

Approving Implementation of the MBL Group Compensation Study for Non-Represented Employees

WHEREAS, Section 6.4 of the Commission's Personnel Policies permits the General Manager to recommend to the Commission organizational goals to be the basis for results-based lump sum incentive awards for eligible staff, based on the organization's performance and ability to pay; and

WHEREAS, to align employee performance to the Commission's organizational performance goals, the Commission should establish an annual incentive award for eligible staff; and

WHEREAS, the Commission retained the MBL Group, LLC, selected through a request for proposal process, to evaluate Commission merit pay delivery methods, including lump-sum incentive awards; and

WHEREAS, the MBL Group, LLC recommends that the Commission adopt a revised approach to its employee incentive program; and

WHEREAS, the Commission has a responsibility to both compensate its staff fairly and manage its budget and expenditures in a manner consistent with the public interest;

BE IT THEREFORE RESOLVED that:

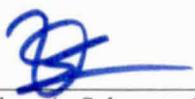
1. The Commission's 2007-08 Target Achievement Plan as proposed in attachment A is adopted for this Fiscal Year; and
2. The General Manager is directed to administer the lump sum incentive award program per Personnel Policy 6.4.

ADOPTED by the Metropolitan Exposition-Recreation Commission this 28th day of November, 2007.


Chair

Secretary/Treasurer

Approved as to Form:
Daniel B. Cooper, General Counsel

By: 
Nathan A. Schwartz Sykes
Senior Attorney

MERC STAFF REPORT

Agenda Item/Issue: CONSIDERATION of Resolution Approving Implementation of the MBL Group's Recommended Incentive Plan, the FY07-08 Target Achievement Plan

Resolution No.: 07-30

Date: November 28, 2007

Presented by: Rachel Bertoni

BACKGROUND:

In July 2007, MERC Commission approved implementation of the recommendations from the MBL Group regarding MERC's classification, compensation and performance evaluation/merit-pay delivery systems. At that time, Commission was informed that in the autumn of 2007, the final portion of the project, the development of an incentive plan, would be presented. This agenda item represents the balance of the MBL Group project.

During the course of the project, the employee Merit and Incentive Task Force offered opinions and recommendations regarding the incentive program design, and the Senior Leadership Team was consulted to ensure that the venues' business needs could be integrated into the recommendations.

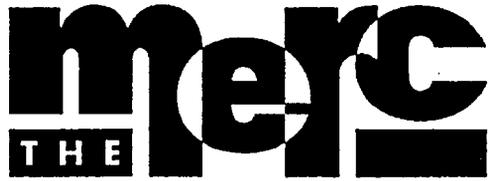
Under MERC Personnel Policy 6.4, the General Manager may recommend to the Commission criteria for an incentive award program for eligible employees each year. The plan sunsets at the end of the fiscal year, so that the organization has the opportunity to refresh the incentive award criteria against the emerging business trends and goals. In this first year, the plan is relatively simple and modest, as is recommended for the implementation of a new tool. In future years, the criteria may be enhanced, as the organization and employees gain familiarity with the new method of organization-wide incentives.

The attached Target Achievement Plan for FY 07-08 would result in payments in the autumn of 2008, following the close of FY 07-08 (that is, during FY 08-09).

FISCAL IMPACT:

There is no fiscal impact in the current fiscal year. As part of the FY 2008-09 budget process, staff will budget funds for the incentive program as part of the personal services budget.

RECOMMENDATION: Staff recommends Commission approval of Resolution 07-30.



A SERVICE OF METRO

**Incentive Plan
Executive Summary**
(Part 2)

Prepared by MBL Group, LLC.
Portland, Oregon
October 2007



Incentive Plan

~ Executive Summary ~

Executive Summary

In October, 2006, MERC engaged MBL Group, LLC to conduct a comprehensive Classification, Compensation and Performance Evaluation Study for the Agency. This assessment encompassed the 83 non-represented full-time and 65 part-time MERC non-represented positions currently covered by 79 classification job descriptions. Temporary positions, those that are no longer utilized at MERC, and hourly represented positions covered by a collective bargaining agreement, were not evaluated as part of this study.

The purpose of this assessment was to fulfill MERC's goal of conducting a review of their current compensation and performance evaluation system to understand their competitive position relative to market and to improve its approach to merit driven compensation. A complete report on Part I of the study was delivered to the MERC Commission in July 2007.

An additional component of the study was to conduct an assessment on the feasibility of implementing incentive pay for non-represented staff members. This Executive Summary – Part II – contains MBL's assessment and recommendations.

The following Executive Summary will outline in greater detail the methodology, findings and recommendations of the Incentive Plan Study.

Upon the completion of this assessment of MERC's classification, compensation and performance evaluation study, MBL recommended the following:

- That MERC adopt a "Target Achievement Plan" (TAP) design developed to promote a shared sense of responsibility for MERC's overall growth, teamwork and financial success.
- That the TAP plan elements be simple and straightforward in the first year of implementation. In subsequent years, MERC may elect to add additional performance measures to the model – performance measures that are realistic and achievable for all venues and MERC Administration.
- For the first year, TAP will focus on MERC overall financial performance – calculated as Operating Revenue to Expenditure Ratio.
- That eligible plan participants include full-time non-represented employees and part-time non-represented employees who worked 400 hours or more during the plan year in a non-represented position. Excluded from the plan are represented staff, temporary staff and part-time employees who work less than 400 hours in the plan year.

- That FY07-08 Guideline Award bonus payouts at 100% goal achievement be:
 - \$1,000 for Full-time plan participants
 - \$500 for Part-time plan participants

Operating Revenue to Expenditure Ratio	TAP Payout Percent	Full-time Staff Guideline Award	Part-time Staff Guideline Award
Less than 86%	0%	\$0	\$0
86%	80%	\$800	\$400
90% <i>(target goal)</i>	100%	\$1,000	\$500
92% <i>(target goal)</i>	110%	\$1,100	\$550

A full and complete outline of the FY07-08 Target Achievement Plan (TAP) recommendations is included in Appendix I.

At the outset of this project, the Merit & Incentive Task Force (the group formerly known as the "PFP Committee") was created to offer input and suggestions into process flow and design elements. This group was comprised of representatives from all MERC venues and represented a breadth of MERC departments. MBL and MERC wish to thank the Merit and Incentive Task Force for their input and participation in this process.

The Merit & Incentive Task Force members included:

- Bruce Burnett, Guest Services Manager, OCC
- Jim Benson, Operations Coordinator, PCPA
- Lisa Brown, Executive Assistant, OCC
- Lori Leyba Kramer, Assistant Executive Director, PCPA
- Lynn Hunter, Maintenance Supervisor, OCC
- Mark Williams, Director of Events, OCC
- Randy Downs, Operations Manager, Expo Center
- Shiu Ram, Accountant, MERC Admin
- Project Manager: Rachel Bertoni, MERC Human Resources Manager

In addition, the MERC Senior Leadership Team acted as a consultative and leadership body at various points during this study, outlining compensation philosophy, reviewing compensation data and the "proposed" performance evaluation tool, and providing input on merit-pay and incentive pay delivery models.

Project Objectives

MBL identified three objectives at the outset of this phase of the project:

1. Clarify and document incentive pay philosophy, goals, purpose, objectives and strategy.
2. Understand the history and past practices of MERC's "incentive" system to identify strengths and areas for improvement.
3. Recommend an incentive-based compensation system for MERC's non-represented staff which is aligned with business needs, reinforces strong employee performance, and reflects fiscal responsibility.

Future Plan Recommendations

MERC's Senior Leadership Team devoted many thoughtful hours to the discussion of this plan outline. Among the many concepts discussed, it was agreed to re-evaluate the feasibility of enhancing the TAP plan in future years by considering the following plan elements:

1. TAP is an annual plan which sunsets at the end of each fiscal year. TAP should be revisited annually to confirm that targets and payouts are consistent with the business as it changes year to year.
2. Performance measures around Customer Service Ratings:
 - a. MERC Consolidated Customer Service Ratings
 - i. Venue specific Customer Service Ratings
 - ii. MERC Administration specific Customer Service Ratings
 1. These will need to be developed
 - b. Venue Financial Measures
 - i. Operating Revenue to Expenditure Ratio
3. Payouts be made quarterly vs. annually
4. As an alternate to monetary TAP awards, the Senior Leadership Team discussed awarding additional time-off. This creative suggestion should be revisited as TAP is renewed in subsequent fiscal years.

ABOUT THE MBL GROUP

The MBL Group, LLC, is a consulting firm based in Portland, Oregon that focuses exclusively on Human Resources. MBL was founded in 1991 by Jim Morris and Paul Barber. Dianne Burt-Green, SPHR, and MBL's other principal, heads our compensation practice and has devoted her career to this specialty. Within the Human Resources arena, over 50% of MBL's consulting work is in compensation, including the design and delivery of base pay and performance management systems as well as profit sharing plans, management incentive plans, and commissioned sales plans.

The MBL's technical ability to develop pay and performance management plans, incentive systems, job structures, and surveys is matched with many years of general management experience. Each of the Principals of the company has held senior management positions in Human Resources for innovative companies in the Pacific Northwest.

MBL's clients have included public sector, hospitality, healthcare, technology, retail, manufacturing, and services companies as well as non-profit organizations. And, we understand the impact a compensation program has on the entity's culture and how those programs align with the enterprises mission, vision, and values.

MBL utilizes current published salary surveys from well established sources. MBL's compensation library is complete with up-to-date local, regional and national surveys. We are also skilled in understanding where to acquire published surveys for specialty areas if necessary.

In addition to published surveys, MBL has a large custom survey practice. MBL has expertise in conducting complex, custom surveys to supplement where published survey data does not exist. MBL has spent years in developing the survey technology and methodology that makes our survey practice sought after by all industry sectors.

MBL does not subscribe to "canned compensation packages or programs." We understand the "art" AND the "science" of designing compensation systems. Because compensation plans deal with numbers, it is often believed that compensation is just science. Nothing could be further from the truth. It takes years to develop the art of compensation system design. Each of the three MBL principals bring nearly 30 years of compensation design experience and have developed the fine balance of compensation "art" and "science."

Again, MBL was pleased to support MERC on this Classification, Compensation and Performance Evaluation Study. Dianne Burt-Green, SPHR, was the Principal Project Manager. MBL Associates, Alisyn Peters, Courtney Bush and Maddy Mahoney provided technical and analytical support to the project. All bios are included in Appendix #9.

Should you have further questions or require clarification on any element contained in this Executive Summary, please contact Dianne Burt-Green at (503) 224-7249 x13.

MERC

FY07-08 Target Achievement Plan (TAP)

Purpose

- TAP was developed to promote a shared sense of responsibility for MERC's overall growth, teamwork and financial success.

General Guidelines

- Annual plan with a term of July 1, 2007 through June 30, 2008.
- Plan must be renewed each year; FY07-08 TAP sunsets on June 30, 2008.
- TAP replaces all previous incentive plans.

Eligible Participants

- Full-time non-represented employees and part-time non-represented employees who worked 400 hours or more during the plan year in a non-represented position; excludes represented staff, temporary staff and part-time employees who work less than 400 hours in the plan year.
- Eligible participants must be in a TAP eligible position and have completed their probationary period.
- Participation for partial year employees is allowed on a pro-rated basis.
- Full-time employees must receive a rating of Exceptional, Distinctive or Successful on their most current MERC Annual Performance Evaluation; Part-time employees must receive a rating of 2.8 or greater on their most current MERC Annual Performance Evaluation. Excludes employees currently on a Work Improvement Plan during the TAP Plan Year.

TAP Funding Pool

- Funded by MERC overall financial performance.

Performance Measure Choices

- A single performance measure for the FY07-08 TAP Plan has been established by the MERC Senior Leadership Team. This performance measure is MERC overall financial performance – calculated as Operating Revenue to Expenditure Ratio.
- The Target Operating Revenue to Expenditure Ratio goal for FY07-08 is 90% (see "Guideline Awards and Award Funding" section below).

Guideline Awards and Award Funding

- Guideline award levels are expressed as flat dollar amount and were established by the MERC Senior Leadership Team for the FY07-08 plan year.
- For the FY07-08 Fiscal Year, the award guidelines at 100% goal achievement are:
 - \$1,000 for Full-time plan participants
 - \$500 for Part-time plan participants
- Minimum award equals \$0 – if MERC overall Operating Revenue to Expenditure Ratio is less than 86%.
- If MERC overall Operating Revenue to Expenditure Ratio fails to meet the established goal of 86%, no awards are paid to any participants.
- Maximum award equals 110% – if MERC overall Operating Revenue to Expenditure Ratio is 92% or greater.

Operating Revenue to Expenditure Ratio	TAP Payout Percent	Full-time Staff Guideline Award	Part-time Staff Guideline Award
Less than 86%	0%	\$0	\$0
86%	80%	\$800	\$400
90% (<i>target goal</i>)	100%	\$1,000	\$500
92% (<i>target goal</i>)	110%	\$1,100	\$550

- At the end of each Plan Year, the MERC COO will compare actual Performance against the pre-established targets and calculate the results. These results will then be submitted to the MERC CEO for approval. The year-end results will normally be calculated after the "second close" and within 75 days following end of the Plan Year.
- Awards are paid annually and are subject to normal tax withholdings
- The Operating Revenue to Expenditure Ratio Goal must be met for the bonus payout award to be made. TAP awards are stepped, not interpolated. This means that the actual Operating Revenue to Expenditure Ratio results between the above outlined steps will be paid at the lower step. For example, if the FY07-08 actual year-end Operating Revenue to Expenditure Ratio is 89.7%, TAP will pay out at the 86% level. Actual year-end Operating Revenue to Expenditure Ratio results above 92% will be paid out at the 92% level.

Plan Administration

- The MERC CEO is the Plan Administrator. In this role, the CEO owns and sets policy decisions for the plan and in conjunction with Facility Directors, the COO and external resources as needed.
- Upon approval by the Plan Administrator, the Human Resources Manager is responsible for the day-to-day activities in support of plan implementation and administrative details.
- TAP awards are not earned until they are approved by the Plan Administrator.
- In order to receive an award, a participant must be actively employed by MERC on the day awards are paid. If the Participants' employment is terminated for any reason other than death, retirement or extended disability before the Plan Administrator approves any TAP Awards then such awards shall be forfeited.
- The addition of mid-year Participants to the Plan must be documented and approved by the Plan Administrator. Partial year Participants may be eligible for an award provided they are in a TAP eligible position and have completed their probationary period. All partial-year participation will be paid on a pro-rata basis at year-end.
- A Participant may receive a pro-rata share of an award if he or she leaves the company during the year due to death, retirement, or extended disability. In such an event, the Participant must have been actively employed in a TAP eligible position and have completed their probationary period during the Plan Year in which they leave MERC.
- If during a Plan Year a Participant's status changes from full-time to part-time, or part-time to full-time, the Participant's Guideline Award will be re-evaluated by the Plan Administrator. If a change is warranted it will be effective on the date of the job change for the balance of the Plan Year. If, for any other reason, the Guideline Award changes it will be effective at the beginning of the next Plan Year.
- To provide for those unusual occasions when business achievement is realized through little or no effort on the part of TAP Participants, MERC reserves the right to declare such business a "windfall". Windfall business is subjected to special treatment and as such, the Plan Administrator reserves the right to determine whether or not TAP bonus payments will be made.
- Adjustments to performance may be made to provide for circumstances where performance targets are not achieved due to factors beyond the control of Participants. Such treatment will be handled at the sole discretion of the Plan Administrator.

- This Plan is not a contract of employment. It creates no rights for the Participant to continue employment with MERC for any length of time, nor does it create any rights for the Participant or any obligations on the part of MERC, other than those set forth herein.
- All awards are subject to the final approval of the CEO of MERC. The CEO shall have the authority to act as the final arbiter of any appeals, disputes or interpretations emanating from this Plan except in matters related to his own participation. All decisions, actions or interpretations by the CEO shall be final and conclusive and binding on all parties.
- The award date for incentive plan payments is the date on which the paycheck is produced.
- MERC reserves the right, in its sole discretion, to continue, amend, modify or terminate the Plan at any time.

APPENDIX 2
MBL Group Bios

ALISYN PETERS, SPHR, Senior Associate

PROFESSIONAL SUMMARY

Experienced Human Resources Professional with:

- ◆ Strong technical skills,
- ◆ High level of ethical standards,
- ◆ Commitment to professional results.

HIGHLIGHTS OF CREDENTIALS

- ◆ Over 15 years of broad-based Human Resources experience,
- ◆ Knowledgeable in supporting and managing various functions of Human Resources from within a small not-for-profit organization to a large corporation,
- ◆ Demonstrated ability to partner with management in the development and implementation of business strategic plans,
- ◆ Able to develop and implement recruitment strategies for organizational expansion and development,
- ◆ Experience and skill in training and developing diverse management teams.

PROFESSIONAL BACKGROUND

Comcast Cable, Inc., Portland, Oregon
Human Resources Generalist

Cedar Sinai Park, Portland, Oregon
Human Resources Director

Robison Health Center of Cedar Sinai Park, Portland, Oregon
Personnel Coordinator

PROFESSIONAL ASSOCIATIONS

Portland Human Resource Management Association (PHRMA)
Society for Human Resource Management (SHRM)

EDUCATION

BA Human Resources Management, George Fox University

DIANNE BURT-GREEN, SPHR, PRINCIPAL

PROFESSIONAL SUMMARY

An innovative Human Resources Executive with:

- ◆ Over 29 years of broad-based Human Resource experience,
- ◆ A strong sense of values,
- ◆ Solid technical skills,
- ◆ Trusted advisor.

HIGHLIGHTS OF CREDENTIALS

- ◆ Able to partner with Senior Management to contribute to overall corporate performance,
- ◆ Accomplished at developing creative and innovative programs to benefit the company, its employees and shareholders,
- ◆ Broad-range background in support of service, manufacturing and high-tech environments in both public and private organizations,
- ◆ Skillful at building employee trust and ownership,
- ◆ Experience with the Human Resource elements of mergers and acquisitions, and
- ◆ Efficient at building Human Resources from staff function to fully independent department.

PROFESSIONAL BACKGROUND

Mentor Graphics Corporation, Wilsonville, Oregon
Human Resources Business Partner – Compensation

The Chas. H. Lilly Company (Lilly/Miller), Portland, Oregon
Vice President Human Resources

Boyd Coffee Company, Portland, Oregon
Human Resources Manager

Boise Cascade Corporation, Portland, Oregon
Compensation/College Relations/EEO Manager; Human Resources Coordinator

Holladay Park Hospital, Portland, Oregon
Personnel Administrator

PROFESSIONAL ASSOCIATIONS

Portland Human Resource Management Association (PHRMA), Society for Human Resource Management (SHRM), WorldatWork (formerly American Compensation Association-ACA), Columbia Willamette Compensation Group (CWCG).

EDUCATION

Bachelor of Arts, Humanities, Marylhurst College

COURTNEY BUSH, ASSOCIATE

PROFESSIONAL SUMMARY

A confident Human Resources Professional with:

- ◆ Strong technical skills,
- ◆ An excitement to learn and improve skills,
- ◆ Commitment to building strong relationships and professional results.

HIGHLIGHTS OF CREDENTIALS

- ◆ Experience in all aspects of total compensation projects,
- ◆ Experience conducting research and compiling results for organization review.

PROFESSIONAL BACKGROUND

MBL Group, LLC, Portland, Oregon

Human Resources Associate

Ameriquest, Orange, CA

Compensation Coordinator

EDUCATION

Bachelor of Arts, Business Administration/Human Resource Management

Eastern Washington University – June 2004

Summa Cum Laude

Verizon District VIII Academic All-Region 2003,2004

ALISYN PETERS, SPHR, Senior Associate

PROFESSIONAL SUMMARY

Experienced Human Resources Professional with:

- ◆ Strong technical skills,
- ◆ High level of ethical standards,
- ◆ Commitment to professional results.

HIGHLIGHTS OF CREDENTIALS

- ◆ Over 15 years of broad-based Human Resources experience,
- ◆ Knowledgeable in supporting and managing various functions of Human Resources from within a small not-for-profit organization to a large corporation,
- ◆ Demonstrated ability to partner with management in the development and implementation of business strategic plans,
- ◆ Able to develop and implement recruitment strategies for organizational expansion and development,
- ◆ Experience and skill in training and developing diverse management teams.

PROFESSIONAL BACKGROUND

Comcast Cable, Inc., Portland, Oregon
Human Resources Generalist

Cedar Sinai Park, Portland, Oregon
Human Resources Director

Robison Health Center of Cedar Sinai Park, Portland, Oregon
Personnel Coordinator

PROFESSIONAL ASSOCIATIONS

Portland Human Resource Management Association (PHRMA)
Society for Human Resource Management (SHRM)

EDUCATION

BA Human Resources Management, George Fox University

MADDY MAHONEY, PHR, ASSOCIATE

PROFESSIONAL SUMMARY

A conscientious Human Resources Professional with:

- ◆ An analytical and self-motivated individual.
- ◆ An acute awareness of managing confidential and sensitive issues, and
- ◆ A task oriented focus.

HIGHLIGHTS OF CREDENTIALS

- ◆ Experience conducting research and compiling results for organization review.
- ◆ Ability to advise an organization's leadership team on developing new processes and procedures.
- ◆ Capacity to work in a group setting without losing sight of the strategic goals of the organization.

PROFESSIONAL BACKGROUND

MBL Group, LLC, Portland, Oregon
Human Resources Associate

Wells Fargo & Company, Portland, Oregon
Fraud Prevention Specialist

Wells Fargo & Company, Portland, Oregon
Customer Service Representative

PROFESSIONAL ASSOCIATIONS

Portland Human Resource Management Association (PHRMA)
Society for Human Resource Management (SHRM)

EDUCATION

Bachelor of Science, Human Resource Management, Portland State University
Associate of Arts, Liberal Arts, Broward Community College