

**RECORD OF THE PROCEEDINGS
SKAGIT TRANSIT BOARD OF DIRECTORS**

Wednesday, February 15, 2017

The Skagit Transit Board of Directors met in regular session in Burlington, WA. Commissioner Wesen called the meeting to order at 1:01 p.m. followed by the Pledge of Allegiance, Roll Call, and Introductions.

Members Present:

Ron Wesen, Skagit County Commissioner
Katie Jungquist, Skagit County Treasurer
Will Reichardt, Skagit County Sherriff
Erica Pickett, City of Anacortes, Council Member
Rick DeGloria, City of Burlington, Council Member
Ken Quam, City of Mount Vernon Council Member
Soren Jensen, Labor Representative (non-voting member)

Staff Present

Dale O'Brien, Executive Director
Motoko Pleasant, Manager of Finance & Admin
Troy Fair, Operations Manager
Mary Lozeau, Clerk to the Board

Members Absent:

Keith Wagoner, City of Sedro Woolley, Mayor (Chair)
Jill Boudreau, City of Mount Vernon, Mayor
Kenneth Dahlstedt, Skagit County Commissioner (Vice Chair)
Steve Sexton, City of Burlington, Mayor
Lisa Janicki, Skagit County Commissioner

Member of Public:

Alexandra Sheeks

Providing Legal Counsel:

I Public Comment:

II Consent / Action Items:

- a) Approval of Minutes
- b) Approval of Claims and Payroll
 - January Payroll Direct Deposits and Checks # 15840 - # 15849 \$ 636,459.44
 - January Direct Federal withholding transfer..... ..\$ 134,957.33
 - January Claims Checks and ACH # 33093 - # 33205 \$ 693,551.34

Mr. DeGloria moved to approve all Consent / Action items. Ms. Pickett seconded the motion. The motion passed unanimously.

III Full Discussion/Action Items:

a) Monthly Budget Update

Ms. Pleasant reported Skagit Transit received \$875,031 sales tax revenue in the month of January. This compares with \$785,003 in January of 2016. This is an 11.5% or \$90,028 increase over last year with a year to date increase of the same. Skagit Transit also received \$351,612 in state and federal grant reimbursements.

Ms. Pleasant stated Operating Expenses included Annual Software Maintenance Fees and Annual Membership and Dues. Capital Expenses included Skagit Station Upgrade Project and signage for new vehicles. Fuel is within budget and all other expenses were as expected.

Ms. Youngquist moved to approve the Monthly Budget Update. Mr. Quam seconded the motion. The motion passed unanimously.

b) Approval of Increase in Operator Training Wage

Mr. O'Brien informed the Board Skagit Transit has historically paid a lower wage to applicants selected for fixed route and paratransit operator positions during the training period. Currently the training wage is \$11.00 per hour which is the 2017 Washington state minimum wage.

Mr. O'Brien stated the training wage needs to be at a level that prospective employees would be willing to accept during the training period. Many prospective employees who are interested in driving position have turned down the offer because of the low pay rate. Staff is proposing to have the hourly training wage increase to a rate of \$15.00. This increase will attract more qualified applicants to apply for the operator position and Skagit Transit will be able to train and retain qualified individuals.

Sherriff Reichardt asked how long the training lasts and the wage after completing training. Mr. O'Brien answered the training is six weeks and the hourly wage when released from training is \$17.31 for paratransit and \$19.44 for fixed route operators. Mr. Jensen suggested offering full time operator positions to retain qualified operators. Ms. Pickett stated \$15.00 training wage seems reasonable.

Mr. DeGloria made a motion to Increase the Operator Training Wage from \$11.00 to \$15.00 per hour. Ms. Pickett seconded the motion. The motion passed unanimously.

c) Resolution 2017-01 Recommended Compensation Schedule Adjustment

Mr. O'Brien stated in August 2016, the Board awarded the compensation study services to Cabot Dow Associates to provide a comprehensive review of Skagit Transit's current compensation, classification, benefit and pay structure for all non-represented positions. This process included:

Review of current compensation policies, practices, and job description

Salary Market Survey and Analysis

Board Adoption of new classification, benefit, and pay structure

Implementation of new 8-step Compensation Schedule

Cabot Dow Associates assessed the current market competitiveness of Skagit Transit's compensation system. Based on population served, the following western Washington peer organizations were used in the compensation survey:

- City of Anacortes
- City of Mount Vernon
- Skagit County
- Sedro-Woolley School District
- Clallam Transit
- Intercity Transit
- Island Transit
- Mason County Transportation Authority
- Whatcom Transportation Authority

When comparing Skagit Transit salary range maximums with peer positions in other organizations, data revealed that our positions were lagging 5.2% lower than the market median low salary ranges on average, and the high salary ranges are 5.05% lower than the market median high salary ranges.

Ms. Sheeks from Cabot Dow Associates recommended adopting a revised salary schedule with a phase-in approach and move staff into the new salary schedule using the following methodology:

1. If an employee's current monthly salary rate falls below step 1 of their new salary grade, they will be placed at Step 1 effective March 1, 2017. These employees will remain eligible for regularly scheduled step increases on their anniversary date, except that the employee will not move to Step B at their next anniversary date, but to a step in between Steps A and B, calculated at 3.5% above Step A. The employee will then move to Step B at their subsequent anniversary date.
2. If an employee's current hourly rate falls within their new range, they will be placed on the closest step that is not lower than the employee's current hourly rate effective March 1, 2017. These employees will remain eligible for regularly scheduled step increases on their anniversary date.

3. For positions where market data was not available, employee will be placed at closest step that is not below current monthly salary and will be eligible for regularly scheduled step increases at anniversary date.

If an employee's current hourly rate exceeds their new range, their hourly rate will be frozen until their salary again falls within the pay range of their classification. The employee will receive 33% of the annual COLA until their salary again falls within the pay range of their classification.

Ms. Sheeks stated the study found the benefit comparisons for the agency to be comparable with the exception of the retirement benefits. All of the comparable agencies participate in the Washington State Public Employee Retirement System (PERS). In lieu of PERS, Skagit Transit provides a 401a program to employees with a 5% match to a mandatory 5% employee contribution. Skagit Transit also contributes to Social Security and provides employees with a voluntary 457 deferred compensation plan. Ms. Sheeks noted it is difficult to compare PERS with Skagit's 401a system due to the differing natures of the two retirement programs. A more thorough, actuarial analysis would need to be performed to determine the relative monetary benefits of one plan over the other.

By not participating in PERS, Skagit Transit could be at a disadvantage when it comes to attracting or retaining qualified candidates from other public agencies where a candidate has participated in PERS. On the other hand, there is some merit to having a retirement program over which both the employer and employee have greater control. Without a doubt, participation in PERS would be more than twice as costly to the organization as its current retirement program.

Mr. O'Brien recommended the Board approve the revised compensation schedule with the implementation effective March payroll. The net annual fiscal impact of implementing the compensation schedule will be approximately \$115,000 in 2017.

Mr. Wesen recommended conducting this type of study more regularly since the last compensation study was completed in 2008. Mr. Wesen inquired if WTA is an appropriate comparable. Ms. Sheeks stated Bellingham fell within the parameter of population served and since Skagit Transit competes for employees from this area she felt it was a good comparable. Ms. Sheeks noted she did take out a 2% cost of living adjustment.

Mr. O'Brien noted this process also included updating job descriptions and Ms. Sheeks met with every employee to review and update their job descriptions.

Sherriff Reichardt made a motion to approve the revised compensation schedule effective March payroll. Mr. DeGloria seconded the motion. The motion passed unanimously.

IV Executive Session:

Mr. O'Brien stated the Executive Session is cancelled.

V Citizens Advisory Committee Report:

Mr. O'Brien reported the committee met on February 7th and noted there is not a report since a quorum was not present.

VI Information Items:

Mr. O'Brien informed the Board a letter was sent to the owner of 2.9 acres at the Port. Staff is waiting to begin negotiations with the owner.

VII Unfinished Business:

VIII New Business:

Commissioner Wesen adjourned the meeting at 1:29 p.m.

Mayor Keith Wagoner, Chair
Skagit Transit Board of Directors

Attest:

Mary Lozeau,
Clerk of Skagit Transit Board