

AGENDA
Mid-Willamette Valley
Council of Governments
EXECUTIVE COMMITTEE

September 9, 2019
3:30 p.m.
100 High Street SE, Suite 200
Salem, Oregon

Call to Order – *Cathy Clark*

Approval of Minutes of July 25, 2019 Pg. 2-5

Compensation Study Follow-up Pg. 6-10

Review of Board Agenda for September 23, 2019 Pg. 11-12

Report on Consultant Contract for Goalsetting Pg. 13-17

Member Dues/EDD Assessment Committee Update

Executive Director's Report

Other business

Adjournment

**MINUTES OF JULY 25, 2019
EXECUTIVE COMMITTEE
MID-WILLAMETTE VALLEY
COUNCIL OF GOVERNMENTS
BOARD OF DIRECTORS**

MWVCOG Conference Room
100 High Street SE, Suite 200, Salem, Oregon

MEMBERS PRESENT

CHAIR: Mayor Cathy Clark, City of Keizer

VICE CHAIR: Jackie Franke, Chemeketa Community College (by phone)
Commissioner Mike Ainsworth, Polk County

MEMBERS ABSENT

Councilor Sal Peralta, City of McMinnville

OTHERS PRESENT

Sean O'Day, Executive Director
Denise VanDyke, Admin. Specialist II
Mike Jaffe, Transportation Director
Greg Smith, Finance Director
Jill Armstrong, Local Government Personnel Institute (LGPI)

CALL TO ORDER & INTRODUCTIONS

Chair Clark called the meeting to order at 3:35 p.m. Attendance was noted and the presence of a quorum announced.

APPROVAL OF JUNE 5, 2019 MINUTES

MOTION: By Commissioner Ainsworth, **SECONDED** by Ms. Franke, to **APPROVE THE MINUTES OF JUNE 5, 2019, AS PRESENTED.**

Motion carried. **IN FAVOR:** Ainsworth, Clark, Franke. **OPPOSED:** None.

ABSTAINED: None.

PRESENTATION OF COMPENSATION STUDY REPORT

Mr. O'Day provided some background. During the 2018 Executive Director Evaluation proceed, the Board requested that a compensation study be performed by an outside consultant. COG contracted with the Local Government Personnel Institute (LGPI), and our assigned consultant was Jill Armstrong. Ms. Armstrong is here to present the compensation study report and answer questions. There is no staff recommendation, to avoid any suggestion of conflict.

Ms. Armstrong quickly reviewed the report. The Scope shows that the choice of comparables included in the study were based upon choices made in previous years. Each Council of Governments is a relatively unique organization, so finding truly comparable examples can be difficult. The study looked at the Executive Director position and the four department directors. The methodology used is described on

page four of the report. Wages are generally in line with the market, and are discussed in the descriptive narratives. The other benefits are where there may be room for improvement.

There was a philosophical discussion about a vacation leave buy-back policy a few years ago. Mayor Clark would like to revisit the topic.

Mr. O'Day mentioned that there were a lot of judgment calls in the methodology. Staff is comfortable with the methodology and the results. It was a good choice to leave out METRO, as it would skew the results. The average age of MWVCOG employees is 54. There are at least three employees over 70. Retirement and recruitments are certain in the foreseeable future. Our wage ranges are good, but we might want to consider changing the steps and/or range to allow the top of the range to be higher. Mayor Clark cautioned that the entry level wages should not be lowered too much, as we want to attract good quality applicants. Mr. O'Day pointed out that this discussion is regarding management level positions, so we will want someone with experience – not someone just out of school, so the entry level salary is less likely to be where they start. Experience is especially vital for the Finance Director position. Other benefits, especially retirement, are lagging. However, the retirement benefits were compared, mostly, to PERS, and we are not a PERS participant. Potential changes that would be recommended for consideration include picking up the employee contribution more obviously, and/or picking up deferred compensation contributions. Vacation leave has a maximum accrual of 30 days per year. This is great, if the employee is able to use the vacation time. Managers are usually up against the cap. It might be worth considering allowing a leave cash-out for managers. Ms. Armstrong referred to the revised leave chart provided prior to the meeting.

When asked, Mr. Jaffe agreed that looking at data to improve retirement benefits would be good. Marion County has a longevity bonus. Perhaps that could be investigated as an option, especially since, when one is topped out in the salary range, there is no option.

Discussion ensued regarding how MWVCOG retirement benefits are structured. For the 401, employees have a mandatory six percent (6%) contribution and the COG contributes 8.75 percent. The employee contribution is offset with a six percent pay increase upon completing the probationary period (when eligibility for retirement benefits begins). The contribution is made to the 401 plan with pre-tax dollars. The voluntary deferred compensation plan (available to all employees) is also funded pre-tax.

Elements to possibly consider would be portability and heritability. The ICMA-RC retirement plan a defined contribution plan, not a defined benefit plan. ICMA-RC plan benefits are dependent upon the performance of the stock/bond markets. The differences between the ICMA-RC plan and the various levels of PERS plans make it hard to compare dollars to dollars. The differences between the levels of PERS plans were discussed. Rogue Valley and Mid-Columbia COGs do a 401k, but pick up the employee contributions. The other comparable organizations use PERS.

Sick leave accrues at a rate of one day per month. This is standard. Responsible use of sick leave is encouraged.

Ms. Armstrong made the following recommendations:

- Wages are close to market average, so there are no recommended changes.
- Recommend review of retirement contributions and vacation cash out policy, but this depends on the organizational philosophy.
- Longevity pay or adjusting the salary steps/range could be worth examining.

However, equity and consistency are important. What choices are made will set a precedent for successors to these positions.

Average tenure at MWVCOG is 12-15 years, with a few exceptions. Quality of life in the organization is generally very good. Many of our positions are fairly technical, and there is not a lot of competition in the marketplace. Community Development, particularly our planners, is the main exception to the tenure trend. There is far more competition to hire planners, and it has become clear that MWVCOG functions as the planning equivalent of a teaching hospital. Mr. O'Day said that he is okay with that, especially when COG trained planners end up working for our members – which has happened several times.

Consensus was to look at the vacation policy for the management level employees. There are several ways to structure a vacation policy, and Ms. Armstrong will share the policies from other organizations for comparison. Mr. O'Day pointed out that a vacation buy-out would be a funded liability, as the budget allows for all vacation time to be used. Wise use of sick leave is highly encouraged. Examples of poor use of sick leave were shared.

Ms. Armstrong was thanked for her work on this study.

Mayor Clark mentioned that it would be good to better define the retirement benefits and help employees better “speak ICMA” and understand the retirement benefits and options. Communication is key.

Mr. O'Day was directed to provide an executive summary of the study report for the October Board meeting, and the items identified for review and consideration.

Mayor Clark reiterated the importance of using vacation time.

ANNUAL DINNER UPDATE

Ms. VanDyke handed out a draft timeline for planning the 2020 Annual Dinner. The date will be February 19, 2020. We are on the calendar for the Keizer Civic Center, but need to finalize the paperwork. A different caterer from last year will be used, for variety. It is suggested that the planning committee begin meeting in late August or early September, however, since that is before the next Board meeting, one or two more volunteers will be solicited from the Board via email. Mayor Clark and Ms. Franke will be on the planning committee. Once the committee members have been identified, meeting dates will be set using Doodle. The first meeting should be in early September.

Ms. Franke stated that she would like to work on some way to get more award nominations, possibly to include ease of applying and finding the nomination information. Mayor Clark requested a reminder in October to contact the music departments and ROTC at the high school. Other agenda items were identified, including the program, ideas for speakers, possible themes, costs, etc.

EXECUTIVE DIRECTOR'S REPORT

Mr. O'Day reported that there is a potential new member – Marion Soil and Water Conservation District will be discussing becoming a member at their board meeting in a few weeks. If they choose to join, this will be brought to our October Board meeting.

Our Finance Department is very close to ready for the audit. It appears that we ended the fiscal year in a much better position than anticipated, and there will be no need for a fund transfer to cover land use planning. This is a big improvement!

ADJOURNMENT

Mayor Clark adjourned the meeting at 4:55 p.m.

Sean O'Day, Executive Director



MEMORANDUM

TO: Executive Committee
Mid-Willamette Valley Council of Governments

DATE: September 9, 2019

THRU: Sean O'Day
Executive Director

RE: Executive Compensation Follow Up

Background

Last year, at the Board's Direction, the COG undertook a compensation study of the management positions at the COG through a contract with the Local Government Personnel Institute. That study concluded that with respect to wages, the COG was within the market for all positions. However, with respect to total compensation, the COG trailed its competitors, primarily because of the differences in retirement and other benefits.

The Executive Committee met on July 25, 2019 with Jill Armstrong of LGPI who prepared the study. Following a lengthy discussion of the report, the Executive Committee requested staff bring back information on how the COG's retirement system compared with its competitors retirement system under the Public Employee Retirement System (PERS). In addition the Executive Committee requested information on the COG's prior policy of allowing employees to cash out vacation.

Discussion

Retirement Comparison

Attached to this memo is a table that illustrates the differences in the COG's retirement program vs. PERS. Because the COG is a defined contribution plan and PERS is both a defined contribution and defined benefit plan, comparisons can be difficult. Nonetheless, at the end of the table is a hypothetical comparison that illustrates the financial impact of the differences in the two systems.

The Executive Committee also requested information on the costs of picking up the employee's six percent contribution (which if implemented by law would need to apply to all employees in the organization) and the costs of providing managers an additional deferred compensation benefit. Those costs are as follows:

If the COG paid the employee 6% contribution for everyone in the organization the current annual cost to the COG would be \$90,816.

The current annual cost of providing deferred comp for the Executive Director and Department Directors (Transportation, Finance, Community Development) is as follows at the following percentages:

	Executive Director	Transportation Director	Finance Director	Community Development Director
5%	\$7,521	\$5,686	\$4,772	\$5,365
8%	\$12,034	\$9,098	\$7,636	\$8,583

Leave Cash Out

The COG currently caps vacation accruals at 320 hours. Below is the vacation cash out policy that was previously in effect:

Annual Cash Out of Vacation Leave

Employees shall have the option of cashing out up to one-half of the Vacation Leave hours they would normally accrue during a twelve-month period. The purpose of providing this option is to facilitate and enable employees to most effectively utilize Vacation Leave. This option is limited to one-half of the normal annual accrual provided that the amount to be cashed out also does not exceed more than one-half of the Vacation Leave accrued to that date. Employees may exercise this option once annually during the period of time beginning July 1 and ending June 30 subject to the availability of resources.

As discussed previously, this policy is cost neutral as the COG currently uses a rate methodology to fund the vacation leave (vs. relying upon budgeted salary/wages to cover leave costs).

Next Steps

Recognizing that the staff has a conflict of interest in this matter, no recommendation is being made.

After reviewing this information, staff is seeking direction on whether the Executive Committee desires to maintain the status quo, recommend changes to the full Board, or needs additional information to aid in a decision.

Comparison of COG Retirement Plan to PERS

	COG		PERS (Employees are IAP & Tier I, II, or OPSRP)		
	401(a) Plan	IAP	Tier I	Tier II	OPSRP
Benefit Type	Defined Contribution	Defined Contribution	Defined Benefit	Defined Benefit	Defined Benefit
Employee Contribution	6%	6%*	0*	0*	0
Employer Contribution	8.75%	0	Employer rate set by PERS (see attached)	Employer rate set by PERS (see attached)	Employer rate set by PERS (see attached)
Normal Retirement Age	55 (minimum)	Members retire from IAP when they retire from Tier One, Tier Two, or OPSRP	58 (or 30 Years of service) 55 Early Retirement at reduced benefit	60 (or 30 years of service) 55 Early Retirement at reduced benefit	65 (or 58 if 30 years of service) 55 Early Retirement at reduced benefit
Account Earnings	Market	Market	Guaranteed Assumed Rate (currently 7.5%)	N/A	N/A
Retirement Benefit	Account Pay-Out/Rollover	Account Pay-Out/Rollover	Money Match / Full Formula**	Money Match / Full Formula**	Formula**
Formula	N/A	N/A	Money Match: employer matches account balance by an equal amount. Full Formula: 1.67 percent x years of retirement credit x final average salary***	Money Match: employer matches account balance by an equal amount. Full Formula: 1.67 percent x years of retirement credit x final average salary***	1.5 percent x years of retirement credit x final average salary***
COLA	None	None	Up to 2% Annually	Up to 2% Annually	Up to 2% Annually

* Not all, but most employers pick up the employee 6%. Recent legislation will re-direct part of the 6% to the Pension side of PERS (Tier I, II, 2.5% and .75% for OPSRP) – Employees will be allowed to make voluntary contributions to bring the IAP contribution back to 6%..

**Prior to 2002, neither OPSRP nor the IAP existed. All of an employee's contribution went to fund their pension. It's that amount of employee contribution that is used when determining the money match formula.

***FAS capped at \$196K

Comparative Examples of How the Benefits Work

PERS Pension Example (OPSRP) (taken from PERS Website)	COG Example (Using just the 8%)
<p>Final average salary: \$95,000 Retirement credit: 15 years as an OPSRP member 15 (years) x 1.5 percent = 22.5 percent</p> <p>22.5 percent x (final average monthly salary) = \$1,741</p> <p>20 Year Value: \$507,621 (2% COLA) 30 Year Value: \$847,548 (2% COLA)</p> <p>No market risk / benefit matches employee lifetime</p>	<p>Using data from the last 15 years, an employee at range 10, step 11 would have a final salary of 95,448 at retirement.</p> <p>The COG only contribution amounts to 100,298 over the 15 year period.</p> <p>Assuming an 8% portfolio gain, the value of the portfolio at the end of 15 years would be 182,595.</p> <p>If the employee invested in an annuity with an assumed 5% return and withdrew the same 1,741 per month that the PERS employee receives, the portfolio value goes negative after year 11</p>

PERS Rates
 (expressed as percent of Payroll)
for PERS Participating Comparable Organizations

Entity	Net Employer Contribution Rate 7/1/19-6/30/21	
	Tier I/II (% of Payroll)	OPSRP (% of Payroll)
Lane COG	25.48%	18.77%
Central Oregon Intergovernmental Council	11.92%	6.38%
Oregon Cascades West COG	24.61%	18.52%
City of Salem	25.49%	16.41%
Marion County	21.18%	13.01%

AGENDA

Board of Directors
Mid-Willamette Valley Council of Governments
Monday, September 23, 2019
3:30 P.M. – 5:30 P.M.
COG Conference Room
100 High Street SE, Suite 200
Salem, Oregon

CONTACT: Sean O’Day, Executive Director; 503-540-1601
CHAIR: Cathy Clark, City of Keizer
VICE CHAIR: Jackie Franke, Chemeketa Community College

A. CALL TO ORDER – *Cathy Clark, Chair*

B. INTRODUCTIONS – *Cathy Clark, Chair*

C. PUBLIC COMMENT (*This time is reserved for questions or comments from persons in the audience*)

D. Legislative Report – *Justin Martin* **pg. x-x**

E. PRESENTATION – **Introduction of President Jessica Howard, Chemeketa Community College** (*will be arriving late*)

F. CONSENT CALENDAR (*All items on the Consent Calendar will be approved by one vote unless an item is withdrawn for discussion at the request of a Board member. Members may have an item withdrawn by notifying the Chair at the meeting. The item will be removed by the Chair for discussion and a separate motion will be required to take action on the item in question.*)

1. Minutes of June 24, 2019 meeting of the Board of Directors **pg. x-x**
Requested Action: Approve minutes

2. Financial Report **pg. x-x**
Information only.

3. Department Activity Reports **pg. x-x**
Information only. Reports from the Community Development Department, Transportation Department, and Small Business Loan Program.

- 4. Resolution 2019-10: Continuum of Care Intergovernmental Agreement** **pg. x-x**
Requested Action: Motion to approve Resolution 2019-10 regarding an IGA establishing a local Continuum of Care and Authorizing Executive Director signature.

G. ACTION ITEMS

- 1. Approval of 2020-21 Legislative Concepts/Policy** **pg. x-x**
Requested Action: Motion to approve the 2020-21 Legislative Concepts/Policy.
- 2. Approval of Executive Committee Recommendation re: Executive Level Compensation** **pg. x-x**
Requested Action: Motion to approve recommendation re: Executive Level Compensation.

H. EXECUTIVE DIRECTOR'S REPORT

I. BOARD DISCUSSION/ROUNDTABLE *(This is an opportunity for Board members to introduce subjects not on the agenda and report on happenings in their respective jurisdictions.)*

J. ADJOURNMENT

NEXT MEETING: Tuesday, December 17, 2019
3:30 p.m.
COG Offices

The Mid-Willamette Valley Council of Governments is pleased to comply with the Americans with Disabilities Act (ADA). If you need special accommodations to attend this meeting, please contact Denise VanDyke at (503) 588-6177 at least 48 hours prior to the meeting. Hearing impaired, please call Oregon Telecommunications Relay Service, 7-1-1. Thank you



MEMORANDUM

TO: Executive Committee
Mid-Willamette Valley Council of Governments

DATE: September 9, 2019

THRU: Sean O'Day
Executive Director

RE: Goal Setting / Facilitation Services

Background

Last spring, the Executive Committee discussed the increasing demand for and continued viability of the COG providing enhanced goal setting and facilitation services without charging a fee. At that meeting the Committee discussed the value of the COG providing such services, concluded that any goal setting / facilitation services beyond an hour should be done on a fee for service basis (so called "enhanced services")

With respect to enhanced goal setting services, the Committee explored three options: (1) train the Executive Director / community development staff on how to facilitate strategic goal setting sessions, and provide this service on a fee-for-service basis; (2) obtain volunteers from the region's city managers and provide training to them at no cost on facilitation/goal setting in exchange for a commitment to conduct a certain number of goal settings each year; and (3) partner with a private firm to provide these services on a reduced fixed fee model.

Although option 1 and 2 helped build capacity in the region, the Committee expressed concern about the initial cost and ongoing viability as staff and city managers turned over. In addition the Committee expressed concern about the COG competing with the private sector firms that also offer similar services. Although the Executive Committee did not arrive at a final conclusion, the discussion culminated in directing the Executive Director to explore what a partnership might look like with one or more firms who perform facilitation/goal setting services.

Discussion

Attached to this memo is a proposal by John Morgan on how a partnership might work wherein John provided goal setting / facilitation services to members on a fixed fee with the COG providing the marketing and handling administrative details. After reviewing this information, staff is seeking direction on whether to proceed in bringing this matter to the full Board or to explore other alternatives.

Scope of Services by John Morgan to Provide in Conjunction with the Mid-Willamette Valley Council of Governments

Introduction

Local governments are facing dramatic organizational issues caused to a great degree by rapid economic and social change and fear of those changes. The processes of facing and dealing with these issues is often complicated by a multiplicity of people with a multiplicity of interests trying to work together to create successful outcomes, if they can even agree on a description of a successful outcome.

While many of these situations are intergovernmental, they are often found within specific units of government. These usually relate to developing and implementing effective strategic goals and action plans; Council and Commission governing processes as they relate to effective relationships, good decision making, and cohesive teamwork; interpersonal and interagency communication; productive and respected citizen engagement processes; effective Council/Manager/Management team relationships and work; and a host of other areas where organizational effectiveness may not be as it should.

John Morgan has been working with communities throughout Oregon for many years in facing and addressing these types of issues. Recently the calls for assisting communities in these areas has been on the rise. There is a huge need for local governments to have help in addressing these issues through facilitation, advising, education, and coaching. John has recognized skills in these services as well as deep knowledge and experience in successfully applying them in the local government arena.

John's professional and personal mission is *"Helping People and Communities Create the Persistent Capacity to Thrive."* This mission drives his work every day and reflects his passion for the Northwest's communities and for public service. His primary focus is rural communities as he believes this is where the greatest needs exist, and where some of the greatest potential also exists. He is a small town boy who fully understands and internalizes the values of smaller communities, and works to reflect those values and needs as expressed by each individual community.

The Proposal

It is proposed the Mid-Willamette Valley Council of Governments (COG) and John Morgan enter into a strategic partnership to have John provide these services through the COG when a COG member jurisdiction requests such help. This is in recognition COG, through its Executive Director Sean O'Day, receives many request for such help but COG does not have the resources readily available to provide them.

Scope of Services by John Morgan to Provide in Conjunction with the Mid-Willamette Valley Council of Governments

The Form of the Partnership

This partnership can take two forms;

- A simple referral system where calls for help to COG are evaluated and, if appropriate, the local official is referred to John to arrange the needed services; or
- COG contract with the local government for the services and subcontract the work to John.

John is open to discussing either option.

The Scope of Potential Services

Council Goal and Strategy Setting

John is skilled and experienced in leading City Councils and other groups through successful goal setting processes, as well as more comprehensive strategic plans and action plans.

The emphasis is on learning from prior experiences, clarifying needs, forecasting issues and opportunities, brainstorming and refining ideas, and establishing priorities. The focus is on creating realistic goals recognizing resource constraints. A City's management team as well as boards and commissions are encouraged to make recommendations and participate as a Council wishes.

Clients over the last two years have included Hood River, Stayton, Sweet Home, Toledo, Madras, Wood Village, Woodburn, Dundee, Gladstone, and Vernonia.

Organizational Development

Working with Councils, Commissions, Management Teams, work teams, and organizational leaders to identify and resolve organizational issues is a growing need, and one John has been able to assist numerous communities successfully address. This can involve whole groups, small teams, or individuals.

The approach is to help identify interests, values, and desired outcomes. If those desired outcomes are not held in common, or have not been able to be achieved, the root causes of those situations is identified and addressed. An important point of this work is to help every participant understand and embrace the mission of the organization, the value to the people it serves, and the great need for effective public service. Framing the reason for the work to be done and then helping the individuals and the team find their place in meeting that need allows transcending individual agendas, hidden motivations, and a general lack of direction.

Scope of Services by John Morgan to Provide in Conjunction with the Mid-Willamette Valley Council of Governments

John is certified in using several powerful tools to help move individuals and teams forward, including Myers-Briggs, Strength Finder, and Extreme Leadership.

Facilitation

John is often called upon to facilitate both large and small processes. This ranges from being an independent chair of a committee tasked with facilitating the group to needed decisions, to leading large public gatherings, and assisting citizens in effectively participating and making meaningful input.

Part of this work is helping to design these processes, working with agency staff, for maximum effectiveness in achieving defined objectives. Many facilitation techniques can be utilized as needed, including World Café for large, contentious groups, guided Q & A, the use of written input, and others as appropriate to creating successful processes.

Teaching

John is a skilled speaker and educator on matters of critical importance in the public realm. This included Public Leadership, Communication, Effective Decision Making, Ethics both individually and in the context of law, citizen engagement, and other topics as needed.

John designs and produces learning experiences custom designed to meet an organization's needs. In doing so he may call on his faculty from the Chinook Program and other leaders in their fields. This work can be serving as a keynote speaker, a panel moderator, a master-of-ceremonies, a learning weaver, or as an individual teacher depending on the organization's needs.

Consulting on Wicked Problems

Many times difficult issues for a community are complex with potential answers not readily discernable. John can provide a fresh set of eyes to look at problems and issues, offer ideas, and help coach leaders through difficult decision making.

Costs for Services

The hourly rate for services is \$135. There are no additional costs for travel and other day-to-day expenses. If there are significant out-of-pocket expenses, such as printing, those will be charged to the client.

Many services can be arranged at a flat rate to be negotiated. For instance, the standard rate for a one-day Council Goal setting retreat is \$3,000. If the retreat starts the evening before, the fee is \$3,500. Full-day classes are \$2,500 and half day are \$1,500.

Scope of Services by John Morgan to Provide in Conjunction with the Mid-Willamette Valley Council of Governments

For more complex, custom projects, such as Organizational Development work or Strategic Planning, the scope of work usually is variable so no stock fixed price can be offered. I will be happy to provide a detailed proposal to an organization basing it on the \$135 per hour fee with some discount in exchange for the fixed amount.