

Date: October 25, 2023

To: Board of Directors

From: Ozzie Gonzalez, Board President

Subject: RESOLUTION NO. 23-10-51 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) APPROVING THE EMPLOYMENT AGREEMENT NEGOTIATED WITH THE GENERAL MANAGER AND AUTHORIZING THE PRESIDENT TO SIGN IT

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) approve the new employment contract negotiated between Board President Ozzie Gonzalez and General Manager Sam Desue, Jr., and authorize the President to sign it.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other: Approve and Authorize the Board President to execute a new contract

3. Reason for Board Action

The Board has the authority to authorize a new employment contract with the General Manager.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

At a June 16, 2021 special public meeting, the Board selected Sam Desue, Jr. as its new General Manager. The Board then authorized Board President Bruce Warner, via Resolution No. 21-06-23, to negotiate an employment agreement with Mr. Desue consistent with the salary and benefits ranges authorized by Resolution No. 21-06-22 (adopting the Milliman Market Study), and in accordance with TriMet’s compensation practices and policies.

At its June 22, 2021 regular meeting, the Board approved President Warner’s and Mr. Desue’s negotiated employment agreement, which provided for annual compensation of \$344,000 over a three-year term beginning June 16, 2021 and ending June 16, 2024 (Resolution No. 21-06-33). Since that date, including most recently in September 2022, the Board has approved merit increases, bringing the General Manager’s current salary to \$364,950.

We are now well into the third and final year of the General Manager's current contract term, during which he has performed extremely well. Mr. Desue has met or exceeded all of the performance objectives the Board has set out for him, and received many positive comments from current and former Board members during Board meetings and performance evaluations.

At our September 27, 2023 Board meeting, the Board approved the General Manager's FY23 Performance Evaluation, which continued this positive trend. These results support the conclusion that we are fortunate to have someone with Mr. Desue's experience, abilities, and commitment leading this Agency.

Nationally, the market for transit Chief Executive Officers has changed noticeably since June 2021, which the consulting firm Mercer highlighted when presenting its General Manager Market Study to the Board at our September 27, 2023 Board meeting. With the "silver tsunami" of retirements in the last few years, the market for seasoned and talented General Managers has constricted. Competition to recruit experienced transit leaders away from their current transit agencies is increasingly stiff, and transit properties around the country are negotiating contracts with significant pay increases and longer employment terms than in the past.

After hearing Mercer's presentation last month, the Board adopted the Mercer Market Study (Resolution No. 23-09-43), which set a new salary range for the General Manager of minimum: \$329,602; midpoint: \$412,002; maximum: \$494,403; and authorized TriMet's Executive Director of Human Resources and Labor Relations to set a new grade range for the General Manager position consistent with this salary range, from a current Grade 30 to a Grade 31.

At our September 27, 2023 Board meeting, the Board also approved Resolution No. 23-09-44, authorizing me to negotiate a new employment contract with the General Manager that is within the Mercer Market Study range and consistent with TriMet's compensation policies and practices. After reviewing the Mercer Market Study and consulting with TriMet's Executive Director of HR/LR, the General Manager and I negotiated and reached agreement on a new employment contract with the following terms, which are within the Mercer Market Study range, Board-approved grade range, Board-approved FY23 performance, and consistent with TriMet's compensation policies and practices:

- 1) The contract term shall be from November 1, 2023 through June 23, 2029.
- 2) An annual base compensation of \$412,000 effective July 1, 2023.
- 3) In recognition of FY23 performance, a 4% merit increase on that base compensation effective September 17, 2023, for a total annual salary of \$428,480.
- 4) Eligibility to receive future merit increases based on performance.

Attached as Exhibit A to this Resolution is a copy of the negotiated Employment Agreement. This Resolution authorizes me to execute this employment contract.

6. Financial/Budget Impact

The cost of the proposed employment agreement is included in TriMet's adopted FY2024 budget for employee salaries and benefits, and will ensure that the position remains attractive to the incumbent General Manager.

RESOLUTION NO. 23-10-51

**RESOLUTION NO. 23-10-51 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) APPROVING
THE EMPLOYMENT AGREEMENT NEGOTIATED WITH THE GENERAL
MANAGER AND AUTHORIZING THE PRESIDENT TO SIGN IT**

WHEREAS, the TriMet Board of Directors (Board) has authority under ORS 267.135 to appoint a general manager; and

WHEREAS, the Board has authority under ORS 267.200 to enter into an employment agreement with the General Manager setting the appropriate compensation and other terms and conditions of employment; and

WHEREAS, pursuant to the Board's authorization in Resolution No. 23-09-44, the Board President has negotiated an employment agreement with the General Manager, a copy of which is attached as Exhibit A, that is consistent with the annual salary range and pay grade adopted by the Board in Resolution No. 23-09-43, and in accordance with TriMet's compensation practices and policies;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board hereby approves the Exhibit A employment agreement negotiated by the Board President Ozzie Gonzalez with the General Manager Sam Desue, Jr., and authorizes its full and final execution.

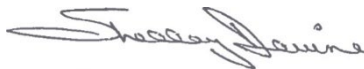
Dated: October 25, 2023

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Legal Department