

PIERCE TRANSIT BOARD OF COMMISSIONERS
SPECIAL EXECUTIVE/FINANCE COMMITTEE
Building 4 – Conference Room 1B
August 7, 2014 – 4:00 PM.

AGENDA

CALL TO ORDER

ACTION AGENDA:

1. FS 14-050 Authorization to Release Request for Proposals to Obtain Executive Level Search Firm(s) or Consultant(s) for the Recruitment of the Chief Executive Officer and Authorization of the Chief Administration Officer to Manage the Recruitment Process

Alberto Lara
Chief Administration Officer

ADJOURNMENT

FACT SHEET – EXECUTIVE/FINANCE COMMITTEE

TITLE: Authorization to Release Request for Proposals to Obtain Executive Level Search Firm(s) or Consultant(s) for the Chief Executive Officer Recruitment and Authorizing the Chief Administration Officer to Manage the Recruitment Process

DIVISION: Administration

ORIGINATOR: Alberto Lara, Chief Administration Officer

PRECEDING ACTION: N/A

COORDINATING DEPARTMENT:

APPROVED FOR SUBMITTAL:

Chief Financial Officer

APPROVED FOR AGENDA:

Chief Executive Officer

General Counsel

ATTACHMENTS:

Exhibit A, Proposed Recruitment Plan
Exhibit B, Proposed Scope of Work

BUDGET INFORMATION

2014 Budget Amount
\$0

Required Expenditure
\$0

Impact
\$0

Explanation: N/A

BACKGROUND:

The Chief Executive Officer (CEO) has given the Board of Commissioners her notice of intent to retire at the end of 2014. A nationwide search is desired by the Board and thus a seasoned recruitment firm or consultant will need to be hired to lead that search and provide the Board with recommendations for the next CEO.

Normally, recruitments are handled by the Human Resources department at Pierce Transit. However, the search for the top executive of the agency would best be accomplished by an outside firm or consultant who has the executive level recruitment experience, national contacts, and impartiality to keep the process as neutral as possible.

The recruitment of a CEO can be a lengthy process. The last time Pierce Transit conducted a CEO search the process began in October of 2005 and concluded in April of 2006. Staff will work diligently with the firm or consultant selected to ensure the process moves effectively, but as efficiently as possible. A recruitment plan that includes adequate time to conduct a thorough background check of the final candidates will be presented to the Board of Commissioners. A committee, made up of members of the Board appointed by the Chair of the Board, will have

FACT SHEET
PAGE 2

direct oversight of the process and instruct the Chief Administrative Officer (CAO) throughout the recruitment activities.

A draft recruitment plan and a proposed scope of work for the Request for Proposal are attached for the Executive/Finance Committee's consideration.

ALTERNATIVES:

Conduct search in-house.

RECOMMENDATION:

Authorize the release of Request for Proposals to obtain executive level search firm(s) and consultant(s) for the recruitment of the Chief Executive Officer and authorizing the Chief Administration Officer to manage the recruitment process.

Executive/Finance Committee Action:

Approved: _____

Disapproved: _____

Steve Vermillion, Chair
Executive/Finance Committee

ATTEST:

Deanne Jacobson, CMC
Clerk of the Board

CEO Recruitment Plan

July 29, 2014

TO: Pierce Transit Executive/Finance Committee Members

FROM: Alberto Lara, Chief Administration Officer

SUBJECT: Recommended recruitment plan for Chief Executive Officer position

Background:

The current CEO, Lynne Griffith tendered her intent to retire notice on July 24, 2014 with an effective date of December 31, 2014.

The current terms of her employment are:

- CEO reports directly to the Board of Commissioners.
- The current base salary for this position is: **\$169,097.00**. It has been the same since 2008.
- The Board granted the CEO 25 paid personal days, which at her current rate of pay has a dollar value of \$16,260.00.
- The CEO has a car allowance of \$450.00 per month or \$5400.00 annually.
- Lastly, there is an additional retirement benefit in the form of a 401(a) of \$384.00 per pay period or \$9984 annually.
- Total compensation for Pierce Transit's CEO is **\$200,741**.¹

¹ As an employee of Pierce Transit, and per the terms of the employment agreement, the CEO also receives a 4% match to what she contributes to the agency's 457 plan and accrues vacation and sick leave per the accrual schedule contained in the personnel rules. Those accrual rates are currently 4.9231 hours per pay period and 3.3924 hours per pay period respectively. Current maximum vacation leave at her current rate of pay and accrual rate has an annualized value of \$10,406.40. Sick leave is used hour for hour when ever needed, but it is not cashed out at 100% of its value. None of these three benefits that are afforded to all employees at Pierce Transit are in the computation of total compensation for the CEO.

During the market analysis conducted in 2012 by Fox Lawson and Associates which resulted in the Board approving a new classification and compensation system for Pierce Transit's non-represented employees, the market for the position of Chief Executive Officer was analyzed. That analysis was focused only on base pay, not total compensation as this varies widely from agency to agency. The market analysis, with data aged to January 1, 2014 yielded the following:

- Nationally, and at the 50th percentile of the market (our current compensation philosophy), the overall base rate of pay for Chief Executive Officer is between \$251,004 and \$269,504.
- There were 19 agencies polled on the West Coast in this survey. The average base rate of pay for that grouping is: \$219,292 at the 50th percentile of the market.

Recruitment Process

The Board of Commissioners should direct the Chief Administration Officer to work with the agency's Human Resources department in handling the administrative requirements of the search firm selection process.

The following steps are recommended for conducting a national search.

1. Prepare a Request for Proposal (RFP) to hire a firm to conduct the CEO search.
 - a. A draft Scope of Work for the RFP is attached. Community Transit in Everett is also conducting a search for their next CEO. A prior Pierce Transit RFP and Community Transit's RFP were reviewed as a sample.
 - b. Our procurement team should return to this committee 7-8 weeks after the Scope of Work is approved by the Board of Commissioners with a recommended firm or consultant.
 - c. If you approve the draft Scope of Work today, we will target September 30, 2014 to have a signed contract in place.
2. Once the firm is identified, staff will coordinate meetings with the Committee comprised of Board members and appointed by the Board Chair to handle the transition and recruitment (Committee) in order to build the ideal candidate's profile. Soliciting input from at least the leadership team at Pierce Transit regarding the competencies they would like to see displayed by the ideal CEO candidate is recommended and may be led by the Chief Administration Officer or designee internally. The results would be summarized and considered by the Committee.
3. Board to determine the appropriate compensation range for the position based on current market data.
4. Recruitment firm releases the "open until filled" recruitment announcement.
5. Work with recruitment firm to identify the selection process we will use to meet and screen the candidates put forward by them for consideration.
6. Recruitment Project Manager would work with recruitment firm to coordinate logistics once there is a sufficient pool of qualified candidates ready to begin the in-person interview process.

7. Finalists will meet with the full Board and key stakeholders inside and outside of Pierce Transit. A thorough reference check will be conducted and the results presented to the Board prior to final negotiation of a new employment agreement. General Counsel will oversee the drafting of a new employment agreement in coordination with Human Resources.
8. A new Chief Executive Officer is named.
9. PT staff works with the Committee and/or the full Board to craft the on-boarding strategy and the performance expectations that will be required of the new CEO to demonstrate success in this role.

Timeline

A realistic time-line for this type of search after selecting the recruitment firm to the appointment of a new CEO can be 6-8 months. We are seeking an industry professional that is not only technically competent but also has a demonstrated track record of success as a leader. It is likely that the firm that is retained to conduct the search will need to tap the “passive job seeker” market in order to present the Board of Commissioners at Pierce Transit with the right candidate for this exciting opportunity.



Next Steps

- Executive/Finance committee reviews and approves Scope of Work for RFP.
- At August 11, 2014 Board of Commissioners meeting, Board apprised of proposed timeline and general process and either tasks Executive Finance Committee with managing transition and recruitment subject to Board approval, or Board votes to form new committee for transition and recruitment and Board Chair appoints committee members.
- Procurement proceeds, and search firm selected.
- Committee directs Chief Administration Officer (CAO) to work with HR and legal staff to map and carry out the administrative and logistical details of the search firm selection process.
- Working with the search firm, Committee decides how the ideal candidate’s profile will be built and how to solicit stakeholder input on profile.
- CAO schedules meetings as necessary with the Transition Committee to keep the process moving forward and remain in line with the direction of the full Board.

SECTION II SCOPE OF SERVICE

1. INTRODUCTION

Pierce Transit is seeking proposals for executive recruitment and selection services to fill the upcoming vacancy of Pierce Transit's Chief Executive Officer position.

2. BACKGROUND

Pierce Transit was founded in 1979 when local voters approved a 0.3% sales tax to fund public transportation. Since then, the agency has grown to become the second largest transit agency in Washington State. The agency serves 292 square miles of urban and rural Pierce County, providing local and express bus service, specialized SHUTTLE transportation for people with disabilities, and ridesharing services including a large vanpool fleet. The agency provides a vital link in the regional transportation system by making connections with King County and Thurston County through express bus services.

The agency has over 866 budgeted positions with most being included in the bargaining unit of the Amalgamated Transit Union, Local #758. Pierce Transit is governed by a nine-member Board of Commissioners. They are responsible for adopting policies that govern the operation of the transit agency and its services. The Board employs a Chief Executive Officer to carry out the day-to-day management and administration of the system with an executive team consisting of the Chiefs of Operations, Finance and Administration.

3. CONSULTANT SCOPE OF SERVICES

Purpose: It is the intention of Pierce Transit to retain executive search consultant(s) to assist the Board of Commissioners in recruiting and selecting the next Chief Executive Officer. The immediate need is to fill the CEO position and it is possible we will also seek to fill other executive level positions in the future. In this event additional assignments will be made by task order.

The successful respondent to this RFP will:

1. Conduct a national, statewide and regional search to identify well-qualified and motivated candidates.
2. Conduct a search focused on all eligible candidates and paying particular attention to the "passive job seeker" pool. Search strategy to be agreed upon by the Board of Commissioners supported by agency staff.
3. Develop a candidate profile as well as a recruitment and selection plan based on interviews with the Board and any other stakeholders the Board wishes to receive input from for this process.
4. Thoroughly advertise and conduct a recruitment for potential candidates, interview, screen and evaluate interested applicants. Such evaluations would include in-depth interviews in person, appropriate preliminary inquiries into references and background,

and careful assessment of each candidate's strengths and weaknesses against the specification for the position. The consultant will provide the Board and appropriate agency staff with the unfiltered results of thorough reference and background checks for candidates.

5. Recommend a short list of 3-6 candidates most qualified and competitive, to the Board for interview. Such recommendations will include a factual evaluation of each candidate.
6. Observe the principles of equal opportunity in employment and avoid unlawful discrimination against qualified candidates. Comply with all state, local and federal laws related to fair hiring practices, including with Pierce Transit's personnel manual and other policies, rules, and procedures related to recruitment.
7. Keep the Board apprised by providing ongoing progress reports through the assigned agency staff that include the market response to the search, any obstacles to identifying or attracting candidates, and the adherence to the project schedule.
8. Coordinate interviews of finalists through the assigned agency staff as well as input by other interested parties who might be identified by the Board.
9. Advise the Board on interview processes that would achieve the best results for Pierce Transit.
10. Once a final candidate has been selected, work with the Board and assigned agency staff on a job offer.
11. If the final candidate does not maintain employment with Pierce Transit for at least one year, and departs of his/her own accord, the search firm or consultant will engage in the above steps and conduct a second recruitment without further charge to Pierce Transit.