



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson
FROM: Lena Kostopulos, Chief Human Resources Officer
DATE: March 24, 2017
SUBJECT: Annual Compensation Review for General Manager
OBJECTIVE: Board Action

In accordance with the terms of the General Manager's employment agreement and following the Board's annual evaluation of the General Manager's job performance, this memo provides information for the Board's review of the General Manager's annual salary and its consideration of any salary adjustment or award.

Situation

General Manager, Frank Lawson's employment agreement sets forth that the Board of Commissioners shall engage in an annual review of the General Manager's salary. The Board has historically conducted the compensation review in the month following its evaluation of the General Manager's job performance, typically occurring in March as it did this year.

Background

The Agreement stipulates that in its evaluation, the Board should consider compensation information from other comparative northwest utilities in an effort to ensure the level at which EWEB compensates its General Manager's remains competitive with the northwest public power utility industry.

Any adjustment to the General Manager's annual compensation is entirely at the Board's discretion. Should the Board elect to adjust the General Manager's annual salary, the adjustment will be applied to the first full pay period following May 1st, in accordance with the Agreement. Further, the Board may elect to award a lump sum payment in addition to or as an alternative to a base salary adjustment.

The attachments to this memorandum include compensation data derived from an independently conducted national salary survey administered and compiled by Milliman, an international compensation, benefits and actuarial services consulting firm. The survey has been adopted by the NWPPA (Northwest Public Power Association) as a preferred source of comparative compensation data. As such, the survey includes data supplied by northwest utilities which have been determined to be valid comparator organizations. The list of comparator utilities appears on the attached documents.

Milliman collects participant survey data in the second quarter and releases the final results in the third or fourth quarter of each year. The timing of participant submissions occurred during the recruitment process for EWEB's General Manager but preceded GM Lawson's appointment. Since the actual

salary was not known at the time of submission, an estimated annual salary of \$250,000 was submitted as a “placeholder.” That estimated salary appears in the Milliman data. The Milliman survey information was transferred to an internally prepared spreadsheet reflecting EWEB’s actual salary of \$260,000 per year, the total of the \$250,000 base salary and the \$10,000 annual contribution to the General Manager’s deferred compensation plan.

Three of EWEB’s comparators reported the payment of an annual “bonus.” In addition to base salary information, the attachments also include Milliman’s result regarding “bonus” pay for the comparator group. This is provided for reference only. GM Lawson’s compensation package does not include a “bonus” component at this time.

While not included among the attachments, water utility salary information is available and published by the AWWA (American Water Works Association). The AWWA survey includes national salary information but the number of northwest participants is too small to yield meaningful comparison. However, this information is checked as a general reference and consistently indicates public water utility executive salaries are typically considerably lower than those of public power utilities. In as much as EWEB draws executive candidates from both public and private power utilities and its revenues are derived in much larger part from its electric business, EWEB’s practice has been to rely on power utility comparators for executive salary determination.

Conclusion

This explanation has been provided for the Board’s information to inform the following required Board actions:

1. Decision to adjust the General Manager’s annual base salary
2. Decision to award a lump sum in addition to or in lieu of an annual base salary adjustment
3. Decision pertaining to the amount of any salary adjustment or lump sum award

Finally, the Commission is reminded that it is permissible to discuss GM Lawson’s salary during the Executive Session of the monthly Board Meeting. However, final decision-making discussion and determination must occur during the Public Session of the meeting.

2016 Northwest Utilities Salary & Wage Survey
Eugene Water & Electric Board (EWEB)

Job Category: 2.0 ADMINISTRATIVE SERVICES
Job Title: 2.01 General Manager
Job Description: Runs the utility at the discretion of the commissioners.

Your Job Code:
Your Job Title: GENERAL MANAGER

Your Organization Data has been: Included
Salary Adjustments: Market Data: NA Your Data: NA
Range Adjustments: Market Data: NA Your Data: NA
Geographic Areas: All Locations
Industries: All Industries
Exempt/Nonexempt: All Exempt/Nonexempt Jobs
Union/Nonunion: All Union/NonUnion Jobs
Bonus Payer/Non-Bonus Payer: All Bonus/Non-Bonus Jobs
Job Match: All Job Match Levels
Company Revenue (in millions): From: To:
Company Employee Size: From: To:
Retail kWh Sales (in millions): From: To:
Company Customer Size: From: To:

	# of Orgs	# of Incum	Base Salary					Total Cash					Salary Range Simple Mean		
			Simple Mean	Weighted Mean	25th %tile	50th %tile	75th %tile	Simple Mean	Weighted Mean	25th %tile	50th %tile	75th %tile	Min	Mid	Max
Market	8	8	277,964	277,964	219,799	266,503	336,945	280,630	280,630	229,077	266,503	336,945	0	0	0
Client:		1	250,000					250,000					0	0	0
Client as % +/- Mkt:			(11.2)	(11.2)	12.1	(6.6)	(34.8)	(12.3)	(12.3)	8.4	(6.6)	(34.8)	0	0	0

Matching Organizations:

Central Lincoln People's Utility District
 Chelan County PUD
 City of Tacoma - Tacoma Public Utilities

Clark Public Utilities
 Emerald People's Utility District
 Grant County Public Utility District #2

Snohomish County PUD
 Springfield Utility Board

2016 Northwest Utilities Salary & Wage Survey

Effective Date: June 2016 Publication Date: September 2016

Survey Results - Eugene Water & Electric Board (EWEB)

Current criteria set: --New criteria set--

[Search Job](#) [Set Criteria](#) [Adjust Salary](#) [Save Criteria](#)

Select Job Criteria

Pay Period*: Annual

*Conversion based on 2080 annual hours.

2.0 ADMINISTRATIVE SERVICES

2.01 General Manager

Your Job Title: GENERAL MANAGER

Your Job Code:

Runs the utility at the discretion of the commissioners.

[print report](#) [print criteria](#)
[export data](#) [export summary](#)

[previous job](#) | [next job](#)

Category/Title

*2016 New **2016 Revised

1.0 ACCOUNTING

2.0 ADMINISTRATIVE SERVICES

2.01 General Manager

- 2.02 Assistant General Manager
- 2.05 Legal Counsel - In-House
- 2.10 Human Resources Director
- 2.12 Human Resources Generalist
- 2.14 Benefits Administrator
- 2.15 Human Resources Assistant
- 2.20 Public Relations Director
- 2.30 Materials Manager
- 2.40 Materials Buyer
- 2.50 Executive Assistant
- 2.55 Administrative Assistant
- 2.60 Department Secretary / Clerk
- 2.65 Records Coordinator
- 2.70 Community Relations Coordinator
- 2.75 Safety Manager
- 2.80 Safety and Environmental Coordinator

3.0 CUSTOMER SERVICE

4.0 ENERGY RESOURCES

5.0 ENGINEERING SERVICES

6.0 INFORMATION TECHNOLOGY

7.0 OPERATIONS MANAGEMENT

8.0 WATER MANAGEMENT

10.0 OPERATIONS

11.0 WATER

	Your Company		
	Survey Data	% +/- Market	Data
# of Firms	8		
# of Incumbents	8		1
Base Salary			
Simple Mean	277,964	-11.2	250,000
Weighted Mean	277,964	-11.2	
25th Percentile	219,799	12.1	
50th Percentile	266,503	-6.6	
75th Percentile	336,945	-34.8	
Total Cash			
Simple Mean	280,630	-12.3	250,000
Weighted Mean	280,630	-12.3	
25th Percentile	229,077	8.4	
50th Percentile	266,503	-6.6	
75th Percentile	336,945	-34.8	
Salary Range			
Average Minimum	NA	NA	NA
Average Midpoint	NA	NA	NA
Average Maximum	NA	NA	NA
Additional Cash			
Bonus-Simple Mean	NA	NA	NA
Bonus-Weighted Mean	NA	NA	

Companies

Matches

Matching Job	8
Reporting Base Pay	8
Reporting Salary Range	4

Market Additional Cash Paid

Number of Firms	3
Number of Incumbents	3
% of Firms	37.5
% of Incumbents	37.5
Avg % of Base Pay	3.3

Your Additional Cash Paid

Number of Incumbents	0
% of Incumbents	0.0
As % of Base Pay	0.0

Market Salary Adjustments

	Actual	Ranges
# Months	0	0
Annual Adj %	0.00	0.00

Your Salary Adjustments

	Actual	Ranges
# Months	0	0
Annual Adj %	0.00	0.00

**2016 Northwest Utilities Salary & Wage Survey
Eugene Water & Electric Board (EWEB)**

Job Category: 2.0 ADMINISTRATIVE SERVICES

Job Title: 2.01 General Manager

Job Description: Runs the utility at the discretion of the commissioners.

Your Organization Data has been: Included

Geographic Areas: Washington, Oregon

Industries: Cooperative, Municipality, Public Utility District (PUD), Other

Job Match: All Job Match Levels

Matching Organizations:

Central Lincoln PUD

EPUD

Chelan County PUD

Grant County PUD

City of Tacoma Utilities

Snohomish County PUD

Clark Public Utilities

SUB

Milliman Comparator Data Breakdown

Title	Internal Job Title	Job Match	Exempt	#EEs	AvgBase
General Manager	GENERAL MANAGER	Comparable	Exempt Jobs	1	\$211,150
General Manager	GENERAL MANAGER	Comparable	Exempt Jobs	1	\$217,000
General Manager	GENERAL MANAGER	Comparable	Exempt Jobs	1	\$228,196
General Manager	GENERAL MANAGER	EWEB	Exempt Jobs	1	\$260,000
General Manager	CEO / GENERAL MANAGER	Comparable	Exempt Jobs	1	\$263,000
General Manager	GENERAL MANAGER	Comparable	Exempt Jobs	1	\$270,005
General Manager	GENERAL MANAGER	Comparable	Exempt Jobs	1	\$329,092
General Manager	CEO / GENERAL MANAGER	Comparable	Exempt Jobs	1	\$339,563
General Manager	UTILITIES DIRECTOR	Comparable	Exempt Jobs	1	\$365,705

Average \$ 275,967.89
High-Low Removed \$ 272,408.00
EWEB: \$ 260,000.00

EWEB vs Comparators:	-6.14%
EWEB vs Comparators (High/Low Removed):	-4.77%