

Consent Item Briefing for PWSRCAC Board of Directors – September 2019

ACTION ITEM

Sponsor: Board Governance Committee, Walt Wrede and Donna Schantz

Project number and name or topic: Proposed Amendments to Board Policy 621 entitled “Executive Director Evaluation and Compensation Policy”

1. **Description of agenda item:** This agenda item contains proposed amendments to Board Policy 621 sponsored by the Board Governance Committee (BGC).

2. **Why is this item important to PWSRCAC:** From a governance perspective, it is important to maintain policies that are concise, are not redundant, do not contain unnecessary information, are internally consistent with other policies and governing documents, and do not restate things that are stated elsewhere. Board Policy 621 contains a great deal of unnecessary information and addresses topics that are already provided for and governed by the Board approved Personnel Policies and the Executive Director contract. The proposed amendments clean up and significantly condense Policy 621. The proposed amendments do not change the Executive Director evaluation process in any significant way except that there is now an option to delegate the evaluation to the Executive Committee (XCOM), and a recommendation from the Finance Committee on compensation is no longer required. Any changes to Executive Director compensation must still be approved by the full Board.

3. **Previous actions taken by the Board on this item:**

| <u>Meeting</u> | <u>Date</u> | <u>Action</u> |
|----------------|-------------|--------------------------------------|
| Board | 9/2012 | Board Approval of Current Policy 621 |

4. **Summary of policy, issues, support or opposition:** This item was referred to BGC by Director Amanda Bauer, during her tenure as Board President. For the past several years, usually during the evaluation process, both the Executive Director and involved Board members have commented that this policy as presently written is cumbersome. This spring, BGC began the process of reviewing the policy, and discussed it at several meetings. There was also a subgroup formed to review proposed changes that included former President Amanda Bauer, current President Robert Archibald, and Secretary Bob Shavelson. The clean, amended version of Policy 621 is listed below and includes the recommendations of the subgroup and BGC. There is no opposition to these amendments that staff is aware of.

5. **Committee Recommendation:** The Board Governance Committee recommends approval of the proposed amendments to Board Policy 621 as presented.

6. **Relationship to LRP and Budget:** None.

7. **Action Requested of the Board of Directors:** Approve the amendments to Board Policy 621, as presented below.

Executive Director Annual Evaluation Policy: The full Board hires and retains the Executive Director (ED) through an employment agreement. The term of the agreement is extended annually for a period of one year, provided that the ED receives a satisfactory evaluation by the Board. To support this process, the Executive Committee shall develop and revise ED performance goals annually for consideration and acceptance by the full Board at the January meeting. The Board may choose to delegate evaluation authority to the Executive Committee, although any recommended salary or other action resulting from the evaluation shall remain with the full Board. The Board Secretary will collect input and distribute evaluation materials to the Board annually in February and provide results prior to a special meeting of the Board held annually in March to discuss and deliver the appraisal with the ED. The Director of Administration is responsible for keeping employer records of the annual ED evaluation process. The Board (or Executive Committee) will conduct annual reviews every March so that the results may be used to calculate appropriate salary adjustments prior to the upcoming year's budget approval (any such salary adjustments are dependent on PWSRCAC budget and funding constraints). ED performance will generally be characterized in terms of meeting or failing to meet Board performance expectations which includes the job description and any special goals that may have been established on a scale of 1 to 5 as follows:

- 1 “Unsatisfactory” - Frequently fails to meet expectations
- 2 “Needs some improvement” - Occasionally fails to meet expectations
- 3 “Satisfactory” - Consistently meets expectations
- 4 “Very Good” - Occasionally exceeds expectations
- 5 “Excellent” - Consistently exceeds expectations.

If the ED receives a less than satisfactory evaluation overall, the Board will give a period of time (up to four months) for the ED to improve performance, following which the Board will make a decision on extending the ED contract

8. **Alternatives:** None recommended.
9. **Attachments:**
A) Current Policy 621 (unedited)
B) Policy 621 with Proposed Redline Edits

Executive Director Evaluation and Compensation Policy: It is the intent of PWSRCAC to administer a salary program to attract and keep the most qualified Executive Director available. It is PWSRCAC's intent to evaluate and compensate its Executive Director on the basis of performance and contribution to the accomplishment of PWSRCAC's mission. PWSRCAC is a private non-profit corporation. Notwithstanding the fact that it has a stable funding source, in order to successfully accomplish its mission, spending for overhead must be kept to a minimum. Therefore, PWSRCAC cannot, and does not, attempt to be competitive with salaries in the private sector in Alaska. The Board of Directors is responsible for the administration of this policy and procedure to ensure that there is consistency and equity; that the amount of salary increases are based on performance, service and equity; and that annual performance and salary reviews are conducted in a timely manner.

1. Annual Evaluation: The Board, individually and as a whole, is responsible for a complete and objective annual evaluation of the Executive Director job performance and any resulting salary action. The purpose of this evaluation is to assess the job performance of the Executive Director based on the detailed job description and annual performance expectations set forth by the Board of Directors, and should include an identification of areas of performance requiring potential improvement and documentation of areas of specific accomplishment. To support this process, the Executive Committee shall develop and revise ED performance goals annually for consideration and acceptance approval by the full Board at the January meeting. The Board Secretary will collect evaluate input and distribute evaluation materials to the Board annually the first week of February and collect and collate evaluation results annually no later than the first week of March. A special meeting of the Board should be held annually in March to discuss and deliver the appraisal with the Executive Director. The Board secretary is responsible for keeping employer records of the annual Executive Director evaluation process. Annual reviews will be conducted every March so that the results may be used to calculate appropriate salary adjustments prior to the upcoming year's budget approval (any such salary adjustments are dependent on PWSRCAC budget and funding constraints). Following the annual review, the Finance Committee shall develop a recommended salary action no later than mid-April for consideration and adoption by the Board of Directors together with the annual budget at the May Board meeting. Executive Director performance will generally be characterized in terms of meeting or failing to meet Board performance expectations on a scale of 1 to 5 as follows:

- 0-1 "Unsatisfactory" frequently fails to meet expectations
- 1-2 "Needs some improvement" occasionally fails to meet expectations
- 2-3 "Satisfactory" consistently meets expectations
- 3-4 "Very Good" occasionally exceeds expectations
- 4-5 "Excellent" consistently exceeds expectations.

If the Executive Director receives a less than satisfactory evaluation, a period of time, up to four months, shall be given for the Executive Director to improve performance, following which the decision on any merited salary adjustment shall be reconsidered.

2. Base Salary: The base salary of the Executive Director shall be set by the Board of Directors upon initial employment and as appropriate from time to time thereafter. In the case of an Executive Director based in Valdez, there shall be a 10 percent cost of living differential added to the base salary.

3. Benefits: PWSRCAC provides an allowance that employees may direct towards items from a benefits menu. The allowance is an amount computed to be equal to 25 percent of the Executive Director's base salary (not including Valdez cost of living differential). By policy, all employees shall successfully serve a 60-day introductory period before becoming eligible to receive the allowance and participate in the benefits plan.

4. Termination: When employment is terminated, regardless of the cause, all wages, salaries and other compensation for labor or services are due immediately. PWSRCAC will make a final payment of

such compensation to the employee within three working days after the termination. Payment will be made at the place where the Executive Director is usually paid or at a location agreed upon between PWSRCAC and the Executive Director.

5. Pay Period: For all PWSRCAC employees, the standard pay period is semi-monthly on the 8th and 22nd of each month. When a pay day falls on a weekend or holiday, checks will be distributed on the last previous workday.

Note: Proposed new text in red. Proposed deleted text in strikethrough.

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If the Executive Director ED receives a less than satisfactory evaluation overall, the Board will give a period of time (up to four months) shall be given for the Executive Director ED to improve performance, following which the Board will make a decision on extending the ED contract any merited salary adjustment shall be reconsidered.

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