

**BOARD AGENDA SUMMARY SHEET**

<b>Committee or Board:</b> Governance, Planning & Personnel	<b>Date:</b> July 19, 2019	<b>Board Meeting Date:</b> July 24, 2019
--	-------------------------------	---

**For All Board Voting Items:**

**Title of Agenda Item:** Recommendation to Approve the Annual Report and Amendments to the Board Policy on Staffing and Employment

**Consent Agenda:**  Yes  No

**Accompanying Presentation:**  Yes  No

**Recommendation from Committee:**  N/A  F&A;  GP&P;  Oversight & REV

**LIPA Presenter:** Barbara Ann Dillon

**PSEG Long Island Presenter:** N/A

**For Policy Reports Only:**

**Type of Policy / Report:**  Operating;  Governance;  Compliance;  Mission

**Date of Last Report:** October 24, 2018

**Compliance Since Last Report:**  Yes  No

**Proposed Changes to Policy:**  Yes  No

<b>Requested Action:</b>	The Committee is requested to adopt a resolution recommending: (i) that the Long Island Power Authority and its subsidiary, LIPA (collectively the “Authority” or “LIPA”) has complied with the Board Policy on Staffing and Employment (the “Policy”); (ii) approval of the annual report for the Policy, and (iii) approval of certain amendments to the Policy.
<b>Summary: (include proposed amendments to Board Policies, if applicable)</b>	By Resolution No. 1338, dated January 25, 2017, the Board adopted the Policy with the purpose of fostering a work environment that attracts and retains the experienced professionals of diverse talents and backgrounds and promotes an ethical and productive organization.  As further detailed in the accompanying memorandum, the proposed revisions to the Policy are intended to clarify certain of the Board of Trustees’ responsibilities and clarify the authorizations and directives to the CEO.

## **FOR CONSIDERATION**

July 24, 2019

**TO:** The Governance, Planning and Personnel Committee of the Board of Trustees

**FROM:** Thomas Falcone

**SUBJECT:** Recommendation to Approve the Annual Report and Amendments to the Board Policy on Staffing and Employment

---

### **Requested Action**

The Governance, Planning and Personnel Committee (the “Committee”) of the Board of Trustees of the Long Island Power Authority (the “Board”) is requested to adopt a resolution recommending: (i) that the Long Island Power Authority and its subsidiary, LIPA (collectively the “Authority” or “LIPA”) has complied with the Board Policy on Staffing and Employment (the “Policy”); (ii) approval of the annual report for the Policy, and (iii) approval of certain amendments to the Policy, which resolution is attached hereto as **Exhibit “A”**.

### **Background - Board Policy on Staffing and Employment**

By Resolution No. 1338, dated January 25, 2017, the Board adopted the Policy with the purpose of fostering a work environment that attracts and retains the experienced professionals of diverse talents and backgrounds and promotes an ethical and productive organization. The Board last reviewed and amended the Policy on October 24, 2018.

### **Compliance with the Policy**

Staff recommends that, for the reasons set forth below, the Board find that the Authority has complied with the objectives of the Policy for the period since the last annual report.

The Policy requires the Board of Trustees “Appoint and, when necessary, discharge the CEO; evaluate the performance of and determine the compensation of the CEO; and with the advice of the CEO, appoint the other Board-appointed Officers specified in the Authority’s By-laws.”

- The Board completed the CEO’s annual performance evaluation at its May 2019 Board meeting. The CEO’s performance evaluation was prepared by the Chair of the Governance, Planning and Personnel Committee with the assistance of a third-party human resources consultant and 360-degree anonymous feedback from all Trustees as well as the senior staff of the Authority.
- The Board requested information on and reviewed the salary of the CEO of \$275,000. A survey of 22 public power utilities of similar size to LIPA found an average salary for the position of \$435,000, with a range of \$235,000 to over \$1 million. LIPA was the third-largest utility participating in the public power survey. The LIPA CEO’s salary was ranked 20 of the 22 publicly-owned power utilities. A third-party survey that includes investor-

owned utilities found an average salary for utilities with between \$1 and \$3 billion of annual revenue of \$935,000 with average total compensation of \$1.685 million.

- The Board appointed Anna Chacko as General Counsel in July 2018.

The Policy authorizes and directs the Chief Executive Officer to:

“Manage the organization and staffing of the Authority, including hiring and terminating staff as necessary to enable the Authority to achieve its mission and values, while recognizing that diversity of talent, interests, background and experience is a key attribute to a healthy organization”; and “Maintain staffing at the minimum level necessary to ensure that the Authority is able to meet its obligations with respect to its bonds and notes and all applicable statutes and contracts and oversee the activities of the Authority’s service provider.”

- The CEO has managed the staffing levels of the Authority at the minimum level necessary to execute its goals and mission, consistent with the staffing plan reported to the Board in January 2019.
- Authority staff consists of 53 full-time employees and 6 part-time employees.

The Policy directs the CEO to “develop and implement human resource practices, programs, training, and initiatives that are consistent with this Policy...including: (a) an Employee Handbook that provides guidance to employees regarding their rights, benefits, and responsibilities...and (b) an Employee Code of Ethics and Conduct, including annual acknowledgement of receipt and compliance by each employee.”

- The Employee Handbook was last comprehensively reviewed and revised in August 2018 and includes all components required by the Policy, comports with all applicable law, and was updated to incorporate changes in human resources best practice. The Handbook is revised and updated as necessary on an on-going basis.
- All employees certified their compliance with the Code of Ethics and Conduct.

The Policy directs the CEO to “Establish and administer compensation practices and benefits for the Authority’s staff that are sufficient but not excessive to attract and retain a qualified, experienced workforce; are appropriate based on an individual’s knowledge, skill, and contribution; motivate and reward individual accountability and performance; and encourage organizational flexibility and responsiveness to the Authority’s mission and values.” The Policy contains further guidance on such practices.

- The Director of Human Resources and Administration completed an annual salary benchmarking analysis for all staff positions using industry specific and national salary data. That benchmarking analysis is consistent with the criteria provided in the Board’s Policy and was used to establish a salary range for each position.
- The Authority has an active performance appraisal and enhancement system based on an employee’s essential job functions, the competencies and behaviors required of their role and their performance against established goals. As required by the Policy, individual employee performance and contribution is considered in setting salaries.

The Policy directs the CEO to “refrain from establishing or implying employment obligations to individuals of longer than one year or providing compensation that exceeds the level of the Chief Executive Officer without Board approval.”

- All LIPA employees are at-will employees and no LIPA employee’s compensation exceeds that of the CEO.

The Policy directs the CEO to “Establish policies and programs that support and encourage the personal and professional development of employees, including: programs for continuing education, tuition reimbursement, and professional development; core skills continuing education; performance appraisal and enhancement; management and leadership training; and utility and public power industry learning.

- LIPA has developed a robust in-house training and development program for employees that includes certain management training seminars and programs on such topics as Management Essentials, Diversity and Inclusion, Business Etiquette, and Creating Positive Work Environments, among others.
- LIPA further encourages professional development through: (i) industry webinars, conferences, and training; (ii) reimbursement of professional certifications and memberships; (iii) educational assistance programs; and (iv) a personal development program that incorporates 360-degree feedback, among other initiatives.

Lastly, the Policy directs the CEO to “maintain a succession plan to address the inevitable turn-over of executives and staff with the least possible interruption to the operations of the Authority.”

- LIPA maintains a succession plan for key staff positions to ensure employees, where possible, can develop the skills and competencies necessary to assume more senior positions. The Board is briefed in Executive Session, at least annually, on the succession plan by the CEO.

### **Proposed Changes to the Board Policy**

The Board Policy has been revised to clarify certain of the Board of Trustees’ responsibilities with respect CEO performance evaluation and compensation, and to clarify the authorizations and directives to the CEO with respect to the Authority’s staffing levels and practices. All proposed changes are more fully set forth in **Exhibit “B”**.

### **Recommendation**

Based upon the foregoing, I recommend approval of the above requested action by adoption of a resolution in the form attached hereto.

#### Attachments

- Exhibit “A”** Resolution
- Exhibit “B”** Staffing and Employment Policy (redline)
- Exhibit “C”** Staffing and Employment Policy (clean)

**RESOLUTION RECOMMENDING APPROVAL OF THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON STAFFING AND EMPLOYMENT**

---

**WHEREAS**, the Staffing and Employment Policy (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1338, dated January 25, 2017; and

**WHEREAS**, the Policy was last reviewed and amended by the Board on October 24, 2018; and

**WHEREAS**, the Governance, Planning and Personnel Committee (the “Committee”) of the Board of Trustees has conducted an annual review of the Policy and affirms that the Policy has been complied with and the changes to the Policy recommended herein are due and proper.

**NOW, THEREFORE, BE IT RESOLVED**, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board find that the Authority has complied with the Policy for the period since the last annual review and recommends approval of the annual report to the Board; and

**BE IT FURTHER RESOLVED**, that consistent with the accompanying memorandum, the Committee hereby recommends approval of the changes to the Policy that are reflected in attachment **Exhibit “B”**.

Dated: July 24, 2019



Board Policy: **Staffing and Employment**

Policy Type: **Operating Policy**

Monitored by: **Governance, Planning and Personnel Committee**

Board Resolution: **#1338, approved January 25, 2017**  
**#1435, amended October 24, 2018**  
**[#xxx], amended July 24, 2019**

---

### **Board Policy on Staffing and Employment**

It is the policy of the Long Island Power Authority to foster a work environment that attracts and retains experienced professionals of diverse talents and backgrounds and ~~promote~~promotes an ethical and productive ~~organization~~workplace. In furtherance of these goals, the Board of Trustees:

- Appoints and, if necessary, discharges the Chief Executive Officer; ~~(“CEO”)~~;
- Evaluates the performance of and determines the compensation of the ~~Chief Executive Officer~~CEO;
- With the advice of the ~~Chief Executive Officer~~CEO, appoints the other Board-appointed Officers specified in the Authority’s By-laws<sup>2</sup>.

Furthermore, the Board of Trustees authorizes and directs the ~~Chief Executive Officer~~CEO to:

- Manage the organization and staffing of the Authority, including hiring and terminating staff, ~~as necessary~~ to enable the Authority to achieve its mission and values, while recognizing that diversity of talent, interests, background and experience is a key attribute to a healthy organization;
- Maintain staffing at the minimum level necessary to ensure that the Authority ~~is able to meet~~meets its obligations with respect to its bonds and notes and all applicable statutes and contracts and ~~oversee~~oversees the activities of the Authority’s service provider;
- Develop and implement human resource practices, programs, training, and initiatives that are consistent with this Policy, meet or exceed relevant laws and regulations, and ensure an ethical, safe, and discrimination/harassment free work environment, including:
  - a. an Employee Handbook that provides guidance to employees regarding their rights, benefits, and responsibilities and that addresses:
    - diversity and equal employment opportunity;
    - the Americans with Disabilities Act and reasonable accommodations;

---

<sup>1</sup> The ~~Chief Executive Officer’s Board~~ annually evaluates the CEO’s performance ~~is evaluated~~ by comparing: (i) the Authority’s performance to the policies established by the Board, and ~~additionally~~(ii) the skills of the CEO to ~~any annual individual performance goal~~the competency profile established ~~by the Trustees~~ for the position. The Board periodically reviews the CEO’s compensation using a benchmarking survey, ~~and communicated links to~~ The CEO’s cost-of-living adjustments (“COLA”), if any, are tied to the Chief Executive Officer in advance, in writing or transcript performance. If the CEO’s performance “meets expectations”, the COLA equals the rate of inflation. If the CEO “significantly exceeds expectations”, the COLA equals the rate of inflation plus one percent. If the CEO’s ~~performance is~~ performs “outstanding,” the COLA equals the rate of inflation plus two percent.

<sup>2</sup> Pursuant to the Authority’s By-laws, the Board-appointed Officers include the Chief Executive Officer, the Chief Financial Officer, and the General Counsel. The Chief Executive Officer may appoint such other Officers as he or she may from time to time deem necessary or desirable.

- intolerance for workplace bullying and harassment;
  - domestic violence and prevention of violence in the workplace;
  - timekeeping practices;
  - vacation, sick ~~time~~ and other ~~leave time~~ benefits;
  - ~~leaves of absence~~, including family and medical leave;
  - internal transfers and promotions;
  - reasonable travel and expense reimbursement;
- b. an Employee Code of Ethics and Conduct, including annual acknowledgement of receipt and compliance by each employee; and
- e. a record retention policy that complies with applicable New York State laws and regulations.
- c. \_\_\_\_\_
- Establish and administer compensation practices and benefits for the Authority's staff that are sufficient but not excessive to attract and retain a qualified, experienced workforce; are appropriate based on an individual's knowledge, skill, and contribution; motivate and reward individual ~~accountability and~~ performance; and encourage organizational ~~flexibility and~~ responsiveness to the Authority's mission and values. Such practices are informed by:
    - compensation and benefits of employees with similar skills at utilities of similar size and complexity;
    - an ~~appropriate balance of compensation practices among public and private organizations;~~
    - industry and regional cost-of-living trends;
    - the ability to recruit qualified personnel for a position;
    - individual employee performance and contribution; and
    - a process that permits an employee to appeal in writing any compensation decision resulting from a performance evaluation.
  - \_\_\_\_\_
  - Refrain from establishing or implying employment obligations to individuals of longer than one year or ~~providing offering~~ compensation that exceeds the ~~level of range set for the Chief Executive Officer position by a benchmarking survey,~~ without Board approval. Unless authorized in writing by the CEO, employment at the Authority shall be on an at will basis.
  - \_\_\_\_\_
  - Establish policies and programs that support and encourage the personal and professional development of employees, including:
    - programs ~~for continuing education, and~~ tuition ~~reimbursement, and~~ professional development;
    - core skills continuing education;
    - performance appraisal and enhancement;
    - management and leadership training; and
    - utility and public power industry learning.
  - \_\_\_\_\_

- Maintain a succession plan to address the inevitable turn-over of executives and staff with the least possible interruption to the operations of the Authority.

The ~~Chief Executive Officer~~CEO will report annually to the Governance, Planning and Personnel Committee on compliance with the key provisions of the Staffing and Employment Policy.





Board Policy: **Staffing and Employment**

Policy Type: **Operating Policy**

Monitored by: **Governance, Planning and Personnel Committee**

Board Resolution: **#1338, approved January 25, 2017**  
**#1435, amended October 24, 2018**  
**[#xxx], amended July 24, 2019**

---

### **Board Policy on Staffing and Employment**

It is the policy of the Long Island Power Authority to foster a work environment that attracts and retains experienced professionals of diverse talents and backgrounds and promotes an ethical and productive workplace. In furtherance of these goals, the Board of Trustees:

- Appoints and, if necessary, discharges the Chief Executive Officer (“CEO”);
- Evaluates the performance of and determines the compensation of the CEO<sup>1</sup>;
- With the advice of the CEO, appoints the other Board-appointed Officers specified in the Authority’s By-laws<sup>2</sup>.

Furthermore, the Board of Trustees authorizes and directs the CEO to:

- Manage the organization and staffing of the Authority, including hiring and terminating staff, to enable the Authority to achieve its mission and values, while recognizing that diversity of talent, interests, background and experience is a key attribute to a healthy organization;
- Maintain staffing at the minimum level necessary to ensure that the Authority meets its obligations with respect to its bonds and notes and all applicable statutes and contracts and oversees the activities of the Authority’s service provider;
- Develop and implement human resource practices, programs, training, and initiatives that are consistent with this Policy, meet or exceed relevant laws and regulations, and ensure an ethical, safe, and discrimination/harassment free work environment, including:
  - a. an Employee Handbook that provides guidance to employees regarding their rights, benefits, and responsibilities and that addresses:
    - diversity and equal employment opportunity;
    - the Americans with Disabilities Act and reasonable accommodations;

---

<sup>1</sup> The Board annually evaluates the CEO’s performance by comparing: (i) the Authority’s performance to the policies established by the Board, and (ii) the skills of the CEO to the competency profile established for the position. The Board periodically reviews the CEO’s compensation using a benchmarking survey. The CEO’s cost-of-living adjustments (“COLA”), if any, are tied to performance. If the CEO’s performance “meets expectations”, the COLA equals the rate of inflation. If the CEO “significantly exceeds expectations”, the COLA equals the rate of inflation plus one percent. If the CEO’s performance is “outstanding,” the COLA equals the rate of inflation plus two percent.

<sup>2</sup> Pursuant to the Authority’s By-laws, the Board-appointed Officers include the Chief Executive Officer, the Chief Financial Officer, and the General Counsel. The Chief Executive Officer may appoint such other Officers as he or she may from time to time deem necessary or desirable.

- intolerance for workplace bullying and harassment;
  - domestic violence and prevention of violence in the workplace;
  - timekeeping practices;
  - vacation, sick time and other benefits, including family and medical leave;
  - internal transfers and promotions;
  - reasonable travel and expense reimbursement;
  - b. an Employee Code of Ethics and Conduct, including annual acknowledgement of receipt and compliance by each employee; and
  - c. a record retention policy that complies with applicable New York State laws and regulations.
- Establish and administer compensation practices and benefits for the Authority's staff that are sufficient but not excessive to attract and retain a qualified, experienced workforce; are appropriate based on an individual's knowledge, skill, and contribution; motivate and reward individual performance; and encourage organizational responsiveness to the Authority's mission and values. Such practices are informed by:
    - compensation and benefits of employees with similar skills at utilities of similar size and complexity;
    - an appropriate balance of compensation practices among public and private organizations;
    - industry and regional cost-of-living trends;
    - the ability to recruit qualified personnel for a position;
    - individual employee performance and contribution; and
    - a process that permits an employee to appeal in writing any compensation decision resulting from a performance evaluation.
  - Refrain from establishing or implying employment obligations to individuals of longer than one year or offering compensation that exceeds the range set for the position by a benchmarking survey, without Board approval. Unless authorized in writing by the CEO, employment at the Authority shall be on an at will basis.
  - Establish policies and programs that support and encourage the personal and professional development of employees, including:
    - programs for continuing education and tuition reimbursement;
    - core skills continuing education;
    - performance appraisal and enhancement;
    - management and leadership training; and
    - utility and public power industry learning.
  - Maintain a succession plan to address the inevitable turn-over of executives and staff with the least possible interruption to the operations of the Authority.

The CEO will report annually to the Governance, Planning and Personnel Committee on compliance with the key provisions of the Staffing and Employment Policy.

---

# **Annual Report and Amendments to the Board Policy on Staffing and Employment**

**Governance, Planning and Personnel Committee  
July 24, 2019**

# Board Compliance with Board Policy

- Annual Chief Executive Officer (“CEO”) evaluation completed at the May Board meeting
  - Incorporated 360-degree feedback from Trustees and Senior Staff
  - Trustee interviews conducted by 3<sup>rd</sup> party HR consultant and summary report prepared
- CEO Compensation Reviewed
  - Trustees requested information regarding the CEO’s salary and reviewed benchmarking information
- Appoint Board-approved Officers
  - Anna Chacko appointed General Counsel in July 2018

# Staff Compliance with Board Policy

- Maintain Appropriate Staffing Levels
  - CEO regularly reviews staffing and resource requirements necessary to execute mission and goals
  - 53 FT and 6 PT employees; consistent with staffing plan reported to the Board
- Develop Appropriate HR Practices and Programs
  - Comprehensive review of Employee Handbook in August 2018; revisions as necessary and appropriate on an on-going basis
  - Code of Conduct current and all employees completed annual certification of compliance
- Compensation Practices and Benefits
  - Annual salary benchmarking completed consistent with Policy requirements
  - Annual employee performance evaluation process supplemented by monthly “check-ins”; compensation adjustments based on benchmarking data and individual performance

# Staff Compliance with Board Policy

- No employment contracts
- Establish Professional Development Programs
  - Continuing with monthly management and professional development seminars
  - Providing opportunities for participation in webinars, conferences, professional organizations
  - Utilizing 360-degree reviews and behavioral assessments to inform individualized professional development plans
- Succession Plan
  - Emergency succession plan included in the By-laws
  - Critical roles identified, development plans for potential internal successors implemented as necessary, comprehensive profiles established for key positions
  - CEO meets with Board during year on succession planning

# Proposed Amendments to Board Policy

- Revise criteria for Board's annual review of CEO performance and compensation
- Require maintenance of a records retention policy
- Specify that all employees are at-will

# LIPA's Strategy for Human Resources

---

A defined, comprehensive strategy that identifies current and future human resources necessary for LIPA to achieve its mission

This HR strategy must simultaneously focus on building the skills, motivation and behaviors necessary for LIPA to be a leading 21<sup>st</sup> century Public Power company



# STRATEGIC INITIATIVES

STRATEGIC AND OPERATIONAL  
PROJECTS

WHAT DOES LIPA NEED TO  
ACHIEVE STRATEGY/COMPLETE PROJECTS?  
EDUCATION/EXPERIENCE & COMPETENCIES

POSITION PROFILES  
(OUTCOMES FOR  
SUCCESS)

JOB DESCRIPTIONS  
(TECHNICAL/JOB DUTIES)

RECRUITMENT

PROJECT/GOAL  
ASSIGNMENT

PERFORMANCE  
MANAGEMENT

DEVELOPMENT  
*Individual  
Across Enterprise*

RECOGNITION  
& REWARDS

SUCCESSION

# MEASUREMENT

## STRATEGIC INITIATIVES

### STRATEGIC AND OPERATIONAL PROJECTS

These are the annual projects and goals identified as necessary to execute LIPA's strategy and fulfill our mission.

These projects move LIPA forward and are in addition to day-to-day responsibilities.

These are assigned to individual employees or teams.

## STRATEGIC INITIATIVES

WHAT DOES LIPA NEED TO  
ACHIEVE STRATEGY/COMPLETE PROJECTS?

EDUCATION/EXPERIENCE & COMPETENCIES

POSITION PROFILES  
(OUTCOMES FOR SUCCESS)

JOB DESCRIPTIONS  
(TECHNICAL/JOB DUTIES)

With LIPA's strategic vision defined and the annual projects to implement that strategy identified, LIPA HR partners with LIPA Executive Leadership to ensure we hire, retain, develop, and promote the professionals necessary to execute day-to-day responsibilities and strategic projects

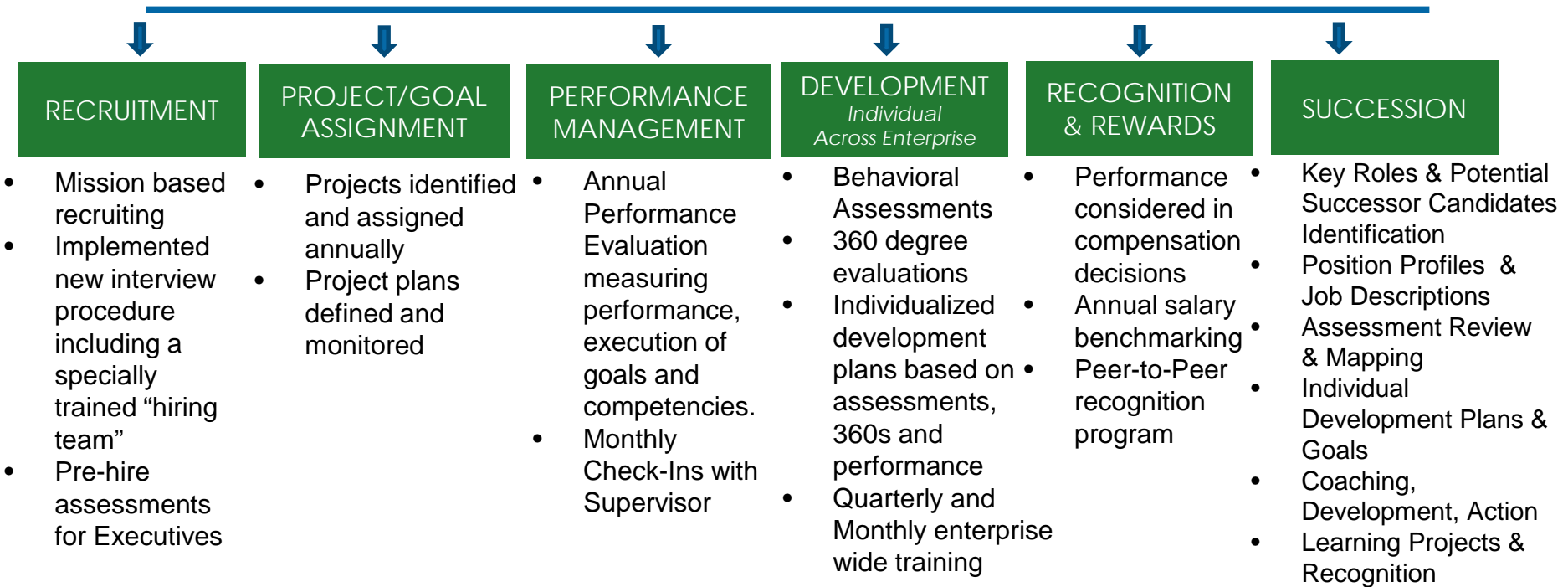
Position profiles and job descriptions:

- Define what is required for success in each management role and the day-to-day duties of each role
- Ensure maximum fit between incumbent/potential successors and the role
- Align the organization's strategy with specific leadership/role competencies and technical job skills

# STRATEGIC INITIATIVES

LIPA HR designed and implemented a comprehensive strategy for employee attraction, retention, development and succession that supports the success of our employees and the achievement of our mission

This strategy addresses the following critical areas:



# LIPA

## Long Island Power Authority

LIPA's Executive Leadership will continue to implement HR policies and practices that enhance employee experience and engagement and support the strategic vision and mission of the Authority.

11

# Questions?