

June 11, 2021

Oregon Tourism Commission

319 SW Washington Street, Suite 700

Portland, OR 97204

Commission Chair Youngblood & Members of the Oregon Tourism Commission:

I hope you have a successful commission meeting as well as Governor's Conference this week. I appreciate the opportunity to offer some comments today. These comments are offered in the spirit of encouraging an environment of increased transparency at Travel Oregon. I would like to speak to three items:

- Dismissed Travel Oregon Staff Members
- CEO Performance Process
- CEO Compensation

1. Travel Oregon dismissed staff members: Thank you for acknowledging my letter during last month's commission meeting. The intent of the letter was to have the dismissed Travel Oregon staff members acknowledged by Travel Oregon staff and Commission leadership. The Chair did acknowledge the human toll felt by all hospitality businesses in Oregon. It truly has been a heartbreaking time in Oregon's tourism industry. However, neither the Chair nor the CEO read the provided names of the dismissed Travel Oregon staffers out loud. I planned to attend today's meeting so I could read them into the record, however, as you know Multnomah County and the OCC have limited personal attendance. Therefore, I offer them up to you both again for an opportunity to simply say their names thereby acknowledging their contributions:

- Carole Astley, Global Strategic Partnerships
- Kayla Brock, Global Marketing
- Kayla Dunn, Destination Development
- Lorna Davis, Global Sales
- Linea Gagliano, Global Communications
- Beth Gehret, Global Marketing
- Stephen Hatfield, Destination Development
- Jenny Hill, Executive Office
- Nick Hindman, Operations
- Bri Matthews Esposito, Destination Development
- Jessica Otjen, Global Strategic Partnerships
- Heather Platanius, Global Sales
- Holly VanDeWage, Global Marketing
- Elena Vizzini, Global Sales

- Jenna Wheatley, Global Sales
- Meredith Williams, Strategy & Operations

2. CEO Performance Process: As someone who has witnessed Travel Oregon's CEO compensation process for many years, I would like to offer some transparency suggestions to improve the process. The current process (assuming it is roughly the same one used during the last 15 years; 14 years of which I was a staff member) is a loosely constructed 360-degree analysis of the CEO. This process includes input from industry members, Travel Oregon staff members, and commission members. As I recall, the VP Operations worked with the Chair and members of the appointed "Commission CEO performance review committee" to approve the questions on the CEO evaluation document as well as approve the recipients (industry, staff, commission) targeted to receive the document. These questionnaires were distributed, gathered, tallied, and scored. At the subsequent commission meeting the Chair would then announce the results. I have a few thoughts on how to improve the process that all are rooted in improved transparency:

- Weighting of recipient groups - It is unclear whether the census evaluation groups are weighted. In my opinion, those working closest with the CEO should be weighted higher than those that are offering observations made from a distance. Specifically, the results from internal staff members, regional leads, and key industry members should carry the most weight. Commissioners, including the Chair, are not close to the agency's regular business interactions at the level that determine the agency's success so they must rely on this feedback. It is vital to have these observations. This allows the Commission to be insulated from seeing only what the CEO wants it to see and eliminates any potential future conflict of interest or undue influence from being exercised.
- CEO should stay completely out of the process - There should be no interaction by the Chair with the CEO on any part of the review process other than delivering the results. This review process should be carried out by senior staff (VP OPS) as informed by ongoing HR advice from the Department of Justice. The Chair should follow the full intent of the Oregon Revised Statutes and Oregon Administrative Rules enacted to require a specific public process when the compensation of an agency director is being increased.
- Share results with all Commissioners – I was surprised to learn during last year's public CEO performance review that the results were not shared with the full Commission. During that meeting a commissioner asked for the results and was told that sharing with all Commissioners was not common practice. Sharing these results with the Commission members would seem to be a commonsense transparency protocol.
- Clarity for Travel Oregon staff members on how process works – Ensure that Travel Oregon staff and CEO performance and compensation protocols operate under one philosophy and one set of operating guidelines. While it is true that the CEO works for the Commission and the Travel Oregon staff members work for the CEO, this should not allow the CEO to enjoy different compensation and benefit considerations outside of the agency-wide approved and understood compensation philosophy and structure.

3. CEO Compensation: The compensation level for the current Travel Oregon CEO has become a significant item of discussion among legislators, the state's tourism industry, and the staff at the agency. As you may recall, the actual level of compensation was made public during a standard

agency performance audit by Oregon's legislative fiscal office in 2019 and through subsequent legislative hearings. Both the CEO and the CSO salaries were an area of focus during this audit. When the CEO salary was made public, it surprised a lot of people. The salary became newsworthy, as well as ripe for legislative investigation. The question before the Commission is why legislators, industry members, and Travel Oregon staff members, were surprised. The answer was the lack of clarity and transparency in the CEO performance evaluation and compensation process. It was highly likely that many Commissioners had no idea of the CEO's salary prior to the public release of the salary information. People outside of a certain few had no idea, which is an interesting supposition given Travel Oregon is a public body. As you convene today, the Oregon legislature is seriously considering HB2221. This bill puts limits on compensation levels (\$250,000 per year) for all state employees (with some allowances for special circumstances supported by market data or certain positions tied to specific revenue streams outside of the general fund) and initiates an annual reporting mechanism for agencies to identify those state employees making more than the set compensation ceiling (\$250,000 annually) along with an explanation as to why the higher investment is in the public's best interest. This bill also named all the state's semi-independent agencies therefore inferring that these cousin-agencies were paying their executive leaders a salary like Travel Oregon's CEO. This at best caused confusion within their member ranks. Plain and simple, the bill would not exist were it not for the relatively recent revelations regarding the compensation level of Travel Oregon's CEO.

My understanding is that Travel Oregon's CEO still makes more than the \$250,000 per year ceiling contained within HB2221. I suggest the Commission reduce the current CEO's salary to \$250,000 immediately. To do anything less would put the agency, the entire staff at Travel Oregon, and the state's tourism industry at continued risk. As someone who spent the better part of 24 years lobbying the Oregon legislature on behalf of the state's tourism industry and Travel Oregon, I encourage you to take this step. Not acting invites the legislature deeper into Travel Oregon's business. Please thoughtfully consider the long-term impact your decisions in this area will have.

Thank you again for your consideration. I hope you all have a fantastic summer. If you have any questions, I would be happy to answer them.

Take care.

Scott

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