Workin' on the railroad

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Metro-North Railroad's New Haven line is one of the busiest commuter rail lines in the nation, linking more than 39 million passengers annually across Connecticut's Gold Coast corridor with the nation's economic epicenter, New York City.

But despite daily ridership around 125,000 people, Gov. Dannel P. Malloy and his administration envision a faster and more frequent commuter rail capable of carrying thousands of additional commuters and possibly generating billions in economic activity and savings for commuters and state economy over the next few decades.

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> — *Michael C. Tetreau*

"Inaction is not an option," Malloy said in a recent statement. "Improving the New Haven Line is critical to our economic success, not just because it will attract new businesses and grow jobs, but improve quality of life. Everyone should be able to live in Connecticut with a car or without one."

As part of Malloy's "Let's Go CT!" transportation initiative, $3.9 billion in major upgrades have been proposed to speed up and increase service on the line. In particular, the plan focuses on increasing the track capacity to full service by using all four tracks, as opposed to the current two to three tracks that are in service at any given time. The proposal also calls for a reconfiguration and upgrade of the Connecticut system including upgrades to sections of track, the signal system, the communication system and reconfiguration of several stations to provide express train service on the two inner tracks, plus local train service on the two outer tracks

According to the study, future benefits amount to $5.8 billion in reduced travel time and improved travel reliability for both rail highway commuters – a return of $2.51 for every dollar spent to reconfigure and upgrade the rail line.

In addition, the study found that on a long-term basis extending to the year 2050, the improvements will yield more than $6.2 billion in business sales and output over a 25-30 year period after it is constructed as well as $3.9 billion in additional gross state product and $2.8 billion in additional wage income.

Construction spending will generate another $9.1 billion in business sales and 4,000 to 6,000 jobs during the period of construction.

Should the upgraded rail line become a reality the study predicts 2,00 to 3,100 jobs for the life of the reconfigured transportation system.

The direct impact on commuters will be significant as well, including a doubling of peak-hour service; increases in the number of express trains per hour between New Haven and New York City; a reduction of express-service travel time between New Haven and New York City by an average of 15 minutes; and an increase in local service from the current rate of approximately every 20 minutes during peak service, to about every four to eight minutes.

Originating in the mid-1800s, the infrastructure that supports the rail line, such as bridges, tracks and electric power, are in frequent need of repair and are the reason why only two to three of the line's four rails are in use at any time. Some of the line's bridges are well over 100 years old and often require repairs and cause slower operating speeds for trains, according to the study.

As one of the major lifeline's of the region, state Department of Transportation Commissioner James P. Redeker is urging the state to continue supporting the line which he said has benefited greatly from billions in investment over the last several years.

"[We] have an excellent system on which to build," he said. "Now is not the time to pull back. Now is the time to maintain and enhance these investments."

One successful past improvement Redeker speaks of is the completion of the Fairfield Metro station in December 2011.

That upgrade has has been a great improvement for the town of Fairfield, said First Selectman Michael C. Tetreau.

"We have gone from 4,500 on a waitlist to park to 1,500 at the downtown station and virtually no waitlist for somebody to park at the new Metro-North station," he said.

He called the governor's proposed upgrades crucial for economic health of the state.

"I think if you look at the state overall one of our strategic weaknesses is transportation whether it is the lack of mass transit, poor condition of railroads or congestion on our highways," he said. "If our No. 1 goal is to make Connecticut a state that is job friendly and business friendly – businesses aren't going to locate here if their employees can't get to work."

Citrin Cooperman Corner

Bonus Plans – Motivation for Employees, Rewards for Companies

BUSINESS BOOT CAMP

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Most companies would agree that their most valuable assets are their employees. In the 12th Annual Global Survey conducted by PricewaterhouseCoopers, 97% of CEOs believe that the access to and retention of key talent is critical or important to sustaining long-term growth. It is more cost effective to pay and retain quality employees than to incur the turnover and training costs when they leave. While there are other factors employees value, like flexible work hours, benefits, and training and development, bonuses often rank very high on the list. In the same survey, millennials in the U.S. rank cash bonuses as the second highest item they value, with flexible working hours being the highest. A competitive compensation package that includes some form of incentive compensation, such as a bonus plan, will help retain your talent. In addition, when bonuses comprise a significant portion of an employee's total compensation, it keeps employees more accountable for their accomplishments, and protects the company from overpaying employees when the economy takes sharp downturns.

Key elements of a bonus plan:

- easy to understand and calculate;
- based on measurable results instead of subjective opinions;
- large enough to affect the employee's behavior;
- fair across the various levels of the organization;
- takes into account real profit and future needs of the organization;
- be aligned with company strategy and business model

When a bonus plan is overly complex and employees struggle to calculate and understand the potential bonus, it can cause frustration. Employees will often lose focus and interest when they can't figure out what they are working towards. We have heard people say they have bonus plans at work but have no idea how to calculate the bonus. They are not willing to put in that extra effort because they don't see the potential payout. Having clear communication regarding the bonus plan and the technology in place to assist in the calculation of the bonus could help alleviate this issue.

Companies need to be careful bonus plans don't compensate underperformers. Towers Watson conducted a survey and found that 24% of respondents said employees who received the lowest ranking possible in their performance reviews were still going to be paid bonuses. Additionally, employees who performed well and those who performed poorly would see no difference in the payout they received. This could be demotivating to the true performers. This can occur when the bonus plan is not based on measurable results and managers are reluctant to have the hard conversations with employees. Companies run the risk of losing the true performers as they may feel their hard work is not being valued any different than the underperformers.

When determining the amount of a bonus, companies will look at many factors like level of the employee within the organization and annual raises. Some companies keep the annual raises low but payout larger bonuses as a percentage of the employee's base salary, while other companies will give larger raises and lower bonus payouts. A good bonus plan will have both of these features. The ratio of bonus to base salary should increase as compensation increases. Highly paid employees who affect the success of an organization should be compensated on the success of the company, as well as meeting individual goals. For other employees who perform important functions but are not as highly paid, bonuses should be less reliant on company results and more reliant on meeting individual goals. These individuals typically receive a smaller percentage of their compensation in bonus (5% - 20%). Bonus plans should be fair across various levels of the organization. If only executives and upper management are reaping the benefits of bonuses, lower level employees will feel like their work is not valued or important to the overall operations of the company. People tend to be more engaged and focused when they feel the work they do has an impact on the success of the business and is recognized.

Bonuses should be based on available cash, not just "profit." Many bonus plans have a "governor," which limits the amount of annual profit which can be set aside for bonus pools. It's an important feature and helps an organization be fiscally responsible. Many organizations do not invest in their future or take advantage of a business opportunity because of thin balance sheets.

The bonus plan needs to reinforce the company's strategy and be aligned with its business model and goals. The purpose of the bonus is to motivate and engage employees so they strive to deliver the intended business results. Studies have shown a strong correlation between a company's financial performance and an effective goal-setting process. Employees in the weakest-performing companies did not have a clear understanding of their individual efforts to the overall company objectives.

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