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April 28, 1978

Board of Directors  
Administration, Efficiency and  
Economy Committee  
Southern California Rapid Transit District  
425 South Main Street  
Los Angeles, California 90013

Dear Committee Members:

Enclosed is a report of findings and recommendations resulting from our work in conducting an evaluation of the District's personnel functions (Segment E of the project work program). The purpose of this evaluation has been to review each of the District's personnel-oriented activities (manpower planning, recruitment and selection, compensation administration, etc.) and to make recommendations for improvements as appropriate.

We would be pleased to discuss any questions or comments you may have regarding this material.

Very truly yours,

ARTHUR ANDERSEN & CO.

By

*Robert Bruning*  
R. C. Bruning

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# EMPLOYEE RELATIONS EVALUATION

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# EMPLOYEE RELATIONS EVALUATION

## INTRODUCTION AND SUMMARY

### Objectives and Scope

Our objective in reviewing the Employee Relations Department was to evaluate the overall practices and procedures followed to perform the personnel function in an effective and efficient manner. As a means of evaluating these procedures, specific criteria were established for each of the personnel functions identified for review. We also reviewed the approach followed in the planning and evaluation of personnel activities.

### Summary of Work Performed

Individuals in the departments of Employee Relations, Personnel, Equal Employment Opportunity, and Safety were interviewed, and various related documents were reviewed in order to understand the various District personnel functions and to evaluate them against the established criteria. The interview process involved discussions with nine individuals who were either department heads or in charge of specific sections.

### Summary of Findings

During the past few years, Employee Relations has been elevated in the organization structure to report directly to the general manager. A number of new programs, as indicated by the following examples, have been recently implemented which have a positive District-wide impact. A tasks and standards program to

assist in performance evaluation has been developed. Several training programs for operators as well as other employees have been conducted. A variety of safety programs has been implemented, with one result being a 56 percent reduction in the number of high-risk operators in 1977. Formal affirmative action programs have been established to enable the District to adhere to its policy of nondiscrimination in its employment practices. Compensation surveys have been made to insure that District levels are commensurate with those of other operators and public agencies. A continuing program to coordinate recreational events has also been developed.

In conclusion, we believe the Personnel Department has made significant progress in addressing necessary personnel functions.

#### Summary of Recommendations

The recommendations made as a result of our review of the Personnel Department are summarized as follows:

(1) The recruitment and selection process should be reviewed in order to make modifications that will reduce the time required to fill vacant positions.

(2) A more formalized approach to manpower planning should be adopted to help reduce the time required to fill vacant positions and to help insure that future requirements for well-trained managers, such as division Transportation and Maintenance managers, are satisfied.

(3) The director of training in the Personnel Department should be formally assigned the responsibility of assisting the instructors in the Transportation Department.

(4) Efforts should be made to insure that all noncontract employees receive their performance evaluations promptly when due. The District should consider giving formal performance evaluations to contract employees in addition to operators, who now receive performance evaluations.

(5) The salary grade structure should be expanded to provide greater flexibility in adjusting salary levels.

(6) A project to computerize the data analysis and reporting activities in the Safety Department should be defined, evaluated, and prioritized in terms of the District's other data processing requirements.

(7) The Personnel Department should periodically distribute questionnaires to other departments to identify areas in which improved coordination and cooperation may be required.

(8) The Personnel Committee of the Board of Directors should develop a standard written reply for use by Board members when contacted by District employees regarding alleged unfair treatment in the grievance process. This Committee should also periodically review the results of cases evaluated by the Equal Employment Opportunities Commission, the Fair Employment Practices Commission, and UMTA to determine whether the number of cases of management's actions being overturned is excessive.

#### Relationship of Personnel Review to Overall Project

In other work segments of this project, we have:

(1) Conducted an operational review of the present criteria and practices used in planning new transit service and in changing or reducing new service.

(2) Conducted research of the service planning criteria being discussed and/or used in major properties and transit-related agencies throughout the country.

(3) Conducted an evaluation of the District's compliance with the reporting requirements contained in Federal, state and locally directed legislation.

We also have developed recommendations for an improved service planning, deployment and evaluation process. Closely related to this detailed evaluation of the Personnel function is

another major work element which included a performance and organizational evaluation of all functional areas of the District. The results of each of these work elements has been presented in independent report sections.

### CRITERIA AND FINDINGS

In conducting our review of the Personnel function, we first developed specific criteria which we used in making the evaluation. In the following sections, we first list the criteria used and then discuss findings.

#### Organization

Are the Personnel-related positions organized in a logical fashion with respect to the rest of the District's organization? Is the emphasis on Personnel appropriate for the size of the system?

Findings--The Personnel Department reports to the manager of employee relations who, in turn, reports to the general manager. This reporting relationship helps insure that Personnel is independent of other departments, which can then be served in an unbiased fashion. Within the department, functions are appropriately grouped on the basis of similarity, all necessary functions are covered without duplication, the structure supports the clear assignment of responsibility, and each manager or supervisor has a reasonable span of control.

## Job Analysis

Are job analysis practices performed which describe various duties and tasks at all levels of the organization? Are corresponding personal skills, traits, characteristics, and other qualifications identified and related to these jobs in order to facilitate hiring, transfer, promotion and setting of wage and salary levels? Are the results of the job analysis effort documented in job descriptions?

Findings--Job descriptions have been prepared for all noncontract positions. A classification project is currently under way by the assistant director of Personnel to review and revise all job descriptions. This task entails reviewing the duties, responsibilities, compensation, and necessary qualifications for each job and formalizing these for subsequent use in the recruiting process.

When a noncontract position is vacated, Personnel reviews the job description and stated qualifications with department supervisors to insure that this information is accurate and up-to-date before preparation of the Job Vacancy Bulletin for that position.

## Manpower Planning

Are efforts taken to identify and plan for short- and long-term manpower needs? Are currently available personnel related to forecasted personnel needs, so that plans can be made for development and advancement? Does manpower planning encompass adequate future periods?

Findings--District economic cutbacks have recently been a primary factor in determining manpower levels. However, it appears that formal manpower planning which would address long-term as well as short-term needs is not done. Personnel does not assume responsibility for this function, and it is not addressed in the November, 1977 "Draft Five-Year Financial Projections" report.

The District has demonstrated, during the past few years, the ability to accommodate both rapid expansion and the subsequent curtailment of operations. These changes in economic conditions have tended to make manpower planning primarily reactive in nature.

Positions remain vacant for an unnecessarily long period of time because management personnel do not replace retiring personnel promptly and processing of required paperwork is frequently delayed. In a few instances, employees have retired and left the District before replacement action was begun. Presently, initiating employment requisitions in anticipation of job vacancies is the responsibility of each department.

#### Employment Selection

Do written policies and procedures exist which govern practices for the recruitment and selection of personnel? Do the procedures identify the steps necessary to insure that an adequate supply of applicants will be available when needed? Do these procedures establish steps to be followed in evaluating and choosing the most qualified applicants?

Findings--For contract positions, many guidelines and/or specific procedures for filling job vacancies are included in the respective union contracts. Generally, the criteria for selection are based on seniority within a given roster or union.

For noncontract positions, policies and procedures governing employment selection are assembled in the personnel policies and procedures booklet. Excerpts of these policies are shown below:

- . "promotion from within to assure an equitable opportunity for all qualified employees to be considered for promotion or transfer to noncontract positions,"
- . "the best qualified person available is appointed to a job vacancy," and
- . "to attain representation equal to the representation of the particular minority and women in the labor force within Los Angeles County in each category of employment."

Specific procedures for recruitment and selection of noncontract employees have been developed and documented. If an adequate supply of qualified applicants (three or more) is available from within the District, outside candidates are not sought; otherwise, outside advertising is done. For applicants who meet the minimum qualifications, interviews are conducted, applicants are evaluated and ranked, and the top three candidates are presented to the department for final selection. If an appropriate candidate is not found, the process starts over. The disadvantage of this selection process is that it can be very time-consuming. The District develops statistics on the average time

required between the completion of posting a job vacancy notice and the interviewing of the three top candidates; however, statistics on the time required between initial preparation of a job requisition and the hiring date of the selected applicant are not developed.

Dissatisfaction with the Personnel Department is expressed by many user departments at the District. Frequently, the dissatisfaction deals with the responsibilities involved in the recruiting process and who is responsible for causing delays. This condition is particularly aggravated for the noncontract positions. The result is that needless "finger-pointing" takes place when vacancies are not filled on a timely basis.

#### Training and Development

Are efforts made to train employees in the skills necessary to properly perform their job assignments? Is this done on a periodic basis as well as at the time an employee first takes a new assignment? Is there a management development program designed to update specific job-related skills as well as general managerial skills? Does a management trainee program exist which brings individuals into the organization with the goal of preparing them to be effective members of the management team?

Findings--A diversified training program has been in existence at the District for several years. For example, the District has programs for training new mechanics, new operators, telephone information operators, first-line supervisors, etc.

These programs stress specific job-related skills as well as general managerial skills. A management assistant program was initiated in March, 1974, as part of the District's affirmative action plan to recruit and prepare women and minority college graduates for anticipated staff and managerial positions. This program was discontinued when District-wide personnel reductions became necessary.

Responsibility for the District's training programs are organizationally divided between the Personnel Department and the Transportation Department. The superintendent of instruction, who is part of the Transportation Department, is responsible for training bus operators. The director of training in the Personnel Department is responsible for the coordination of all other District training. The director of training has assisted the Transportation instruction personnel in the preparation of some of the operator training programs, such as the operator/passenger relations training program.

#### Performance Evaluation

Are efforts made to evaluate the performance of employees against the duties, responsibilities and objectives which have been established for them to achieve? Is this done on a periodic basis? Are measurable standards of performance established? Are monetary as well as nonmonetary rewards related to performance?

Findings--Performance evaluations are prepared on an annual basis for noncontract employees in accordance with each individual's "anniversary" date. During the past year, the

Personnel Department has implemented a noncontract performance appraisal program based upon "tasks and standards" developed by each employee in cooperation with his supervisor. To facilitate implementation of this program, the director of training presented a ten-hour preparatory training course to over 100 managers and supervisors. The tasks and standards, which stress quantitative standards for measuring performance, will be used as a basis of evaluation during an employee's annual review. Monetary rewards are related to performance, in that noncontract personnel must receive a "competent" or better evaluation in order to receive a step salary increase. This step increase appears to be practically automatic, in that 96 percent of all noncontract personnel received a rating of "competent" or better in 1976.

In reviewing the execution of the performance evaluation program, we noted that past-due evaluations are relatively common. As of January, 1978, there were over 100 overdue evaluations (14 percent of the 768 noncontract employees), with 14 of them being over a year late. The average time overdue for these 100 employees was in excess of four months. Each department is responsible for preparing each evaluation and reviewing it with the employee. It is our understanding that management is taking action to conduct these past-due evaluations.

Each operator receives a formal annual evaluation by his division superintendent. Beyond this formal evaluation of operators, the District does not formally evaluate other union employees.



Compensation

Is a formal compensation plan provided for all employees? Are fringe benefits provided in addition to basic wages and salaries? Are efforts made to analyze wage and salary levels to insure that compensation is commensurate with duties and responsibilities? Is there a continuing practice of reviewing and evaluating compensation against similar structures in the community and industry?

Findings--Formal compensation plans, including fringe benefits, are provided for all employees. Compensation schedules for contract employees are established during the collective bargaining process, and are documented in the agreements between the District and the unions. The noncontract compensation plan provides for 25 grade levels. Each grade (for corresponding steps, such as the "A" step between a grade 10 and 11) is separated by 5-1/2 percent increments. Within each grade are five regular steps, at 5-1/2 percent increments, plus a sixth "premium" step which can be granted for employees who have been at the fifth step (Step E) for at least three years and who have received a performance rating of "superior" or "outstanding" for each of the three years. An employee receives a step increase after the first six months in a classification and annually thereafter, provided he or she receives a performance evaluation of "competent" or better.

Salary surveys are made each year to help evaluate the adequacy of the noncontract compensation plan. The District sends out questionnaires to approximately 25 agencies nationwide. If

District salaries vary from tabulated averages, recommendations for adjustments are made. Similarly, surveys are made comparing District fringe benefits to those of other agencies statewide. Recommendations resulting from the survey are presented to the Board of Directors each spring.

### Safety

Does the District have a formal safety program with policies and goals aimed at providing safe working conditions for employees and safe service for the public? Are accident rates monitored and reported upon?

Findings--The District director of safety is responsible for the organization and administration of the safety program.

District policies regarding safety are expressed as follows:

(1) The District will strive to insure that each employee is provided a safe and healthful work place with proper tools and machines to do the job without danger to life or health.

(2) The District will strive to insure that the public receives safe service to its destination.

Goals for the Safety Department and recommendations for safety programs are prepared each year by the safety director. The primary input for this process is the Safety Department's prior year-end report. Areas of poor safety performance are analyzed and goals for improvement are set for the current year.

The on-going goal of improving passenger safety is reflected in the overall statement of District goals in the SCRTD November, 1977 "Draft Five-Year Financial Projections" report.

This report also includes the following specific objectives, reflect a target 5 percent improvement, to be achieved in fiscal year 1979:

(1) Reduce the industrial accident rate from 57.9 to 55.0 per million man-hours worked.

(2) Reduce the passenger accident rate from 13.3 to 12.6 per million miles operated.

(3) Reduce the traffic accident rate from 52.0 to 49.4 per million miles operated.

The Safety Department monitors a variety of accident data and prepares both monthly and annual reports summarizing the information for District management. These reports make extensive use of comparisons of current year activity to prior year(s) activity. This illustration of accident trends enables the Safety Department to evaluate the effectiveness of its various safety programs.

One example of the Safety Department's effectiveness in reducing accidents is the reduction of "high-risk operators" (three or more avoidable accidents within the last 18 months). The 1976 year-end report showed a significant increase in the number of operators on the high-risk list. According to Safety personnel, various safety and training programs were implemented which have resulted in a 56 percent reduction in the number of high-risk operators during 1977.

Review of accident statistics enables the Safety Department to evaluate accident patterns and to make corrective recommendations. However, exception and summary reports for revenue operations and all reports for nonrevenue operations are

prepared on a manual basis, which is slow and limited in the types of correlations which can be made. For example, the November, 1977 safe performance report, which contains recommendations for addressing prevailing problems, was not finalized until January 20, 1978.

### Affirmative Action

Does a program exist to provide for equal employment opportunity? Are practices established to comply with Federal and state fair employment opportunity requirements?

Findings--The District has an established affirmative action program designed to meet fair employment requirements as specified under several Federal laws (e.g., Title VII of the 1964 Civil Rights Act, the Age Discrimination in Employment Act of 1967 and the Equal Pay Act of 1963), subsequent amendments, executive orders and the State of California's Fair Employment Practice Act. These various laws collectively forbid employment discrimination on the basis of race, color, religion, sex, age and national origin. To enforce these laws and assist employers in establishing equal employment practices, various guidelines have been prescribed for employers to follow in the areas of policy, recruiting, testing, hiring, training, promotion and reporting.

In February, 1974, the District's Board of Directors adopted its first formal affirmative action program, which committed the District to attain minority and female representation in each employment category, in approximate proportion to the

population makeup in the Los Angeles County labor force. The deputy administrator of the Equal Employment Opportunity Department has prepared a new draft five-year affirmative action plan, which will be submitted for Board approval. This draft plan specifies policies and procedures to be followed in achieving the adopted equal employment policy and complying with Federal Government fair employment opportunity requirements. This plan also reports progress to date in achieving the equal employment objectives.

### Labor Relations

Has a program been established for negotiating employee labor problems? Do procedures exist for the evaluation and disposition of grievances?

Findings--At January 1, 1978, 6,153 (or 89 percent) of the District's 6,919 employees were union members. Accordingly, formal and written procedures are in effect to govern the evaluation and disposition of grievances and other labor-related activities. The Employee Relations Department, under the direction of the manager of employee relations, is charged with the responsibility for administering labor relations policies. When grievances cannot be resolved internally, then an outside arbitrator is involved. In 1977, there were about 20 such arbitration cases.

Formal discipline and grievance procedures are also in effect for noncontract personnel. In essence, these procedures state that the first approach to solving discipline or grievance problems should be discussions between the employee and his

an expanded structure which includes 130 grades which are 1 percent apart. We believe this proposed structure would provide the District with the additional flexibility to more closely adjust salary levels to changing job market conditions.

6. The safety director, in conjunction with the Management Information Systems Department, should identify the types of data gathering and reporting activities that could more efficiently be done on the computer and identify a project for providing Safety personnel with computer assistance. Such a project should be evaluated and prioritized by the data processing steering committee recommended in the report on a performance and organizational evaluation.

7. To assist in improving the Personnel Department's image with and coordination between other District departments, we suggest that questionnaires periodically be sent to each department asking for constructive criticism and otherwise identifying any problems that exist in terms of the Personnel Department's being an effective service department.

8. The Personnel Committee of the Board of Directors should develop, in conjunction with the Personnel staff, a standard written reply for use by any Board member when contacted by a District employee who claims unfair treatment in the grievance process. It may be necessary to develop a reply for each of the three unions and for noncontract employees. This reply should help the employee determine whether he/she has followed each of the steps prescribed in the District's written grievance process and