



**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
FEBRUARY 19, 2004**

SUBJECT: POSITION AUTHORIZATION AND COMPENSATION POLICY

ACTION: ADOPT PROPOSED POLICY

RECOMMENDATION

Adopt a proposed policy for position authorization and compensation (See Attachment A), including Board approval of the following:

- On an annual basis, the budgeted number of positions and estimated salary and benefit costs for each classification, by department;
- Any increases to the number of positions occurring during the fiscal year that exceed budgeted authority;
- On an annual basis, the non-represented employee salary schedule;
- All new non-represented classifications created during any fiscal year;
- All non-represented position reclassification upgrades not included in the approved fiscal year budget; and
- Any special benefit arrangements for hires that deviate from existing policies.

ISSUES

At the December 4, 2003 Board meeting, a motion was made by Director Yaroslavsky to reexamine the Agency's classification and salary structure, and to develop new policies regarding the creation of new classifications.

In November 1994, the Board adopted a compensation philosophy for non-represented employees as part of its approval of the non-represented employee classification and compensation program. The philosophy was adopted to ensure that the MTA's non-represented compensation program maintains internal equity, external competitiveness, alignment with organizational values, flexibility to adapt to a changing work environment, affordability and compliance with all Federal and State employment laws.

By adopting the proposed policy, the Board will formalize the philosophy as a policy, and will provide a higher level of control and oversight over annual salary and benefit costs, the creation of new positions through all MTA employee groups, non-represented reclassification upgrades of existing positions, and special benefit arrangements.

POLICY IMPLICATIONS

The proposed policy will ensure that the MTA's non-represented compensation program is internally equitable, externally competitive, in alignment with the MTA's five year Strategic Plan, flexible to adapt to a changing work environment, affordable and in compliance with all Federal and State employment laws.

If the policy is adopted, the Board will approve, on an annual basis, the budgeted number of positions and estimated salary and benefit costs for each MTA classification, by department, and the non-represented employee salary schedule. In addition the Board will approve any increases to the number of positions occurring during the fiscal year that exceed budgeted authority, all new non-represented classifications created during any fiscal year, all non-represented position reclassification upgrades not included in the approved fiscal year budget, and special benefit arrangements that deviate from existing policies. This will allow for open communication between the Board and the Chief Executive Officer in the MTA's ongoing effort to attract, motivate and retain high-quality talent in a cost-effective manner.

OPTIONS

Staff considered the following options:

- The Chief Executive Officer retains authority for the approval of all new non-represented classifications created during any fiscal year. Staff does not recommend this option at this time. It is important that staff receives input and direction from the Board on its non-represented compensation program. This open dialogue between the Board and staff will ensure that the MTA is able to attract and retain high-quality employees in an affordable manner.
- The Board of Directors approves all non-represented salary offers. Staff does not recommend this option at this time. The 2001 Booz Allen & Hamilton study (Human Resources Functional Review) recommended the streamlining of the recruitment process to allow the MTA to be in a more competitive position in attracting qualified candidates and helping to fill vacancies on an expedited basis. The process has been streamlined and vacancies are filled much quicker than before. As a result, the MTA now has the ability to successfully attract individuals available in the market for full-time employment, particularly during periods of tight labor markets.

FINANCIAL IMPACT

The policy recommendation has no direct financial impact on the MTA at this time. However, there is the potential for future impacts based on Board decisions to either approve or not-to-approve new classifications/reclassification upgrades/positions and special benefit arrangements.

BACKGROUND

In December 2003, the Board adopted Director Yaroslavsky's motion which mentioned the following specific areas for review:

- 1) Non-Represented classification plan/salary structure;
- 2) Policy development for budget authorization of positions;
- 3) Development of comprehensive job descriptions for all non-represented classifications;
- 4) Policy development governing other benefits; and
- 5) Governing body approvals for new classifications and salaries.

Non-Represented Classification Plan/Salary Structure

The MTA's current non-represented classification plan was developed and implemented in 1996. Classifications/job titles were established based on an analysis of work being performed by employees, and knowledge/skills/experience requirements of that work. Formal, written classification descriptions were developed for each established classification.

The MTA's current non-represented salary structure was also developed and implemented in 1996. Salary ranges, competitive with market levels, were established for 26 distinct grades. Ranges are adjusted based upon an assessment of competitiveness with market and affordability to the MTA. The last adjustment was made when the Board adopted the FY'03 budget, and was effective July 1, 2002.

The MTA continuously updates its human resources policies that guide the ongoing administration of the classification plan and salary structure in order to keep up with best practices in its competitive markets. These policies are available to all employees on the MTA's intranet.

Policy Development for Budget Authorization of Positions

The MTA Board of Directors currently approves the total number of full-time equivalents (FTEs) and the total amount of dollars budgeted for labor and non-labor costs at the fund level, when it adopts the annual budget. The number of FTEs cannot be exceeded without returning to the Board for approval.

As part of the budget authorization process, Staff will provide the Board with a listing of all MTA classifications, including the number of budgeted positions within the classification and the estimated salary/benefits dollars budgeted for the classification, by department. As part of this process, the Board will also approve any increases to the number of positions occurring during the fiscal year that exceed budgeted authority, as well as approve the non-represented employee salary structure for the new fiscal year.

Development of Comprehensive Job Descriptions for all Non-Represented Classifications

The MTA has in place job descriptions for its non-represented classifications. These job descriptions were originally developed in 1996 as part of the implementation of the MTA's current classification plan, and are available to all employees on the MTA's intranet. Job descriptions are reviewed and updated by Human Resources on an on-going basis as classifications are reviewed and reevaluated. This process entails updating job descriptions to ensure work performed is aligned with the MTA's vision, mission and work values, and that the MTA maintains its competitiveness with like positions in its recruiting markets.

Each job description contains a basic function statement, reporting relationships, a description of the MTA's work environment (including the MTA's vision, mission and work values), a detailed description of duties, essential knowledge and abilities, minimum qualifications and a list of any special conditions required for performance of the job.

Attachment B contains a sample non-represented job description.

Policy Development Governing Other Benefits

The MTA has existing policies that govern benefits for non-represented employees. These benefits include, but are not limited to, health care (medical, dental, vision), insurance (life, AD&D, long-term disability), retirement (pension and 401(k)), deferred compensation (457), flexible spending accounts, and time off with pay. Additionally, the MTA offers relocation assistance (including temporary housing allowances and relocation-related travel) and non-revenue vehicles in accordance with policy. Under the proposed policy, should any special benefit arrangements be entered into, the CEO will seek Board approval. Please note that benefits provided to represented employees are stipulated by contract. All represented contracts are approved by the Board of Directors.

Governing Body Approvals for New Classifications and Salaries

Staff researched and evaluated approval levels for new classifications and salaries at both the County and City of Los Angeles. Both the County and City of Los Angeles seek some level of approval from their respective governing bodies for executive-level classifications.

Based on the research, staff is proposing that the Board have the authority to approve, on an annual basis, the budgeted number of positions and estimated salary and benefit costs for each MTA classification, by department, and the non-represented employee salary schedule. In addition, staff is proposing that the Board approve any increases to the number of positions occurring during the fiscal year that exceed budgeted authority, all new classifications created during any fiscal year, all position reclassification upgrades not included in the approved fiscal year budget, and any special benefit arrangements that deviate from existing policies.

NEXT STEPS

Immediately upon Board approval of the Non-Represented Employee Compensation Policy, staff will modify administrative policies and procedures to reflect the Board direction, and revise the appropriate internal forms to reflect the new policy.

ATTACHMENT(S)

- A. Non-Represented Employee Compensation Policy
- B. Sample Non-Represented Job Description

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ATTACHMENT A

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

POSITION AUTHORIZATION AND COMPENSATION POLICY

Purpose

In order to support its vision, mission, core values and strategic goals, the MTA must attract and retain high quality employees whose experience, knowledge and skills are valued and rewarded through an effective compensation program. To be effective to the MTA, its non-represented employees and the public, the MTA must have a total compensation program of both pay and benefits that is internally equitable, externally competitive, in alignment with organizational values, flexible to adapt to a changing work environment, legally compliant, and fiscally responsible to the public it serves.

The MTA Board of Directors is responsible for approving a position authorization and compensation policy. The Chief Executive Officer is responsible for ensuring that the policy is converted to an action plan, budgeted and implemented by staff, and in compliance with the Board's established policy. The Human Resources Department is responsible for developing detailed policies and procedures for action by MTA Managers.

If a conflict occurs between this policy and the collective bargaining unit agreement, the collective bargaining unit agreement shall prevail.

Policy

- The MTA Board of Directors will approve, on an annual basis, the budgeted number of positions and estimated salary and benefit costs for each MTA classification, by department.
- The MTA Board of Directors will approve any increases to the number of positions occurring during the fiscal year that exceed budgeted authority.
- The MTA Board of Directors will approve, on an annual basis, the non-represented employee salary schedule.
- The MTA Board of Directors will approve all new non-represented classifications created during any fiscal year.
- The MTA Board of Directors will approve all non-represented position reclassification upgrades not included in the approved fiscal year budget.
- The MTA Board of Directors will approve any special benefit arrangements that deviate from existing policies.

- MTA's compensation system will support and reinforce its organizational values of safety, employees, fiscal responsibility, integrity, innovation, customer satisfaction and teamwork.
- Open, two-way communication will be encouraged for full understanding, support and administration of the system, and its underlying philosophy.
- MTA's total compensation program includes base salary and benefits. Its strategy is to ensure external competitiveness by establishing pay levels that relate to practices in MTA's competitive labor markets.
- MTA's compensation system and pay structure support organizational flexibility and encourage employees to develop competencies and skills that will enable them to grow within the organization.
- MTA will reward individual performance with base pay increases, contingent upon affordability, administered through an effective performance management system.
- Salary ranges are sufficiently broad to allow flexibility so that merit pay increases respond to superior employee performance and external market pressures.
- Individual salary levels within a pay grade will be based on an employee's experience, knowledge, skills and contributions.
- MTA will regularly assess changes in the labor market to ensure that total compensation remains competitive.

ATTACHMENT B
SAMPLE NON-REPRESENTED JOB DESCRIPTION

Los Angeles County Metropolitan Transportation Authority

Job Classification Specification

TRANSPORTATION MANAGER

Pay Grade H1P

Basic Function

To provide strong leadership promoting teamwork in managing and directing the activities of Metro Transit Operations at the Division level. Transportation Manager will focus at accomplishing goals and objectives to support the strategic plan of the agency; efficiency of operation; cost effectiveness; and positive management-labor relations.

Classification Characteristics

This classification is exempt/at will and the incumbent serves at the pleasure of the hiring authority.

Supervises: Assistant Division Transportation Managers, Transit Operations Supervisors (Dispatch, Field Supervision & Instruction), assigned staff and Bus Operators

Supervised by: Service Sector General Manager

FLSA: Exempt

Work Environment

With the vision of leading the nation in safety, mobility, and customer satisfaction, the MTA's mission is to be responsible for the continuous improvement of an efficient and effective transportation system for Los Angeles County.

In order to achieve the Agency's goals in support of its' mission, potential candidates are required to continuously practice and demonstrate the following work values:

- **Safety** – Safety's 1st for the MTA's customers, employees, and business partners. Accidents and injuries are preventable.
- **Employees** – Employees are the MTA's most valuable resources and are to be treated with mutual respect and provided opportunities for professional development
- **Fiscal Responsibility** – Individually and as a team we are accountable for safeguarding and wisely spending taxpayer dollars entrusted to the MTA
- **Integrity** – We rely on the professional ethics and honesty of every MTA employee

- **Innovation** – Creativity and innovative thinking are valued and new ideas are welcomed
- **Customer Satisfaction** – We strive to exceed the expectations of our customers
- **Teamwork** – We actively seek to blend our individual talents in order to be the best in the nation

Examples of Duties

- Develops goals, establishes plans and priorities, and assigns and monitors work
- Directs the availability and assignment of operating and supervisory staff and resources to ensure that objectives are achieved within budgetary constraints
- Directs staff compliance with policies, rules, procedures, regulations, practices, and labor agreements
- Directs the review and analysis of transit operations and monitors system performance to identify and resolve problems while ensuring efficiency and cost-effectiveness
- Directs the investigation and resolution of customer complaints
- Oversees the administration of workers' compensation program activities
- Conducts disciplinary investigations, hearings, and counseling sessions; testifies at unemployment and workers compensation hearings and court cases
- Directs the investigation of accidents to identify trends and training needs, minimize recurrence and determine if accidents are chargeable according to labor agreement mandates
- Prepares reports, correspondence, bulletins and standard operating procedures
- Interacts with various departments and outside agencies to coordinate schedule and procedural improvements to ensure quality service, including community outreach and public speaking
- Supervises staff
- Complies with MTA's efficient and effective bill paying standard to ensure project and cost center invoices are paid in a timely manner
- Oversees, monitors, and adheres to departments/units budget, goals, and schedules which complies to agency-wide fiscal responsibility
- Develops and delivers quality projects from inception to close-out on time and within scope and budget

- Responsible for communicating and implementing safety rules, policies, and procedures in support of the agency's safety vision and goals; and maintaining accountability for the safety performance of all employees
- Complies with all of MTA's safety rules, policies, and procedures

Essential Knowledge and Abilities

Knowledge of:

- Theories, principles, and practices of public bus or rail transit operations
- Applicable local, state, and federal law, rules and regulations governing public transit systems
- Applicable California Vehicle Code and California Code of Regulations sections
- Metro transit operations, including lines, routes, fares, policies and procedures
- Modern management theory

Ability to:

- Plan, organize, and monitor the work of a Transportation operations division
- Understand, interpret and apply laws, rules, regulations, policies, procedures, contracts, budgets, and labor agreements; compile, analyze and interpret complex data
- Analyze situations, identify problems, recommend and enact solutions
- Interact professionally with various levels of MTA personnel, outside agencies and the community
- Communicate effectively orally and in writing
- Prepare comprehensive reports and correspondence
- Determine strategies to solve problems and achieve goals
- Plan financial and staffing needs
- Effectively supervise and motivate assigned staff

Minimum Qualifications

Potential candidates interested in the TRANSPORTATION MANAGER position MUST meet the following requirements:

- Bachelor's degree in Business, Public Administration, or other related field

- Three (3) years' management-level experience in public/private transit organization
- Valid California Class C drivers' license

Special Conditions

24 hours on-call, weekend/holiday work required when necessary.

Disclaimer

This job specification is not to be construed as an exhaustive statement of duties, responsibilities, or requirements. Employees may be required to perform any other job-related instructions as requested by their supervisor.

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