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**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
OCTOBER 18, 2007**

SUBJECT: APPROVE SALARIES

ACTION: APPROVE SALARIES FOR 14 POSITIONS

RECOMMENDATIONS

Approve:

- A. **Salary Equity Adjustments** - the proposed annual salaries for the following positions:
1. \$179,962 for the Chief Communications Officer
 2. \$149,968 for the Deputy Executive Officer, Project Management
 3. \$133,334 for the Deputy Executive Officer, Procurement
 4. \$131,030 for the Deputy Executive Officer, Communications
 5. \$130,815 for the Deputy Executive Officer, Strategic Development of Facilities Operations
 6. \$130,130 for the Deputy Executive Officer, Public Relations
 7. \$127,308 for the Director, Countywide Planning & Development
- B. **Position Reclassifications with Salary Adjustments** - the proposed reclassifications and annual salaries for the following positions:
1. \$167,440 for the Executive Officer, Project Control & Administration
 2. \$140,033 for the Deputy Executive Officer, Countywide Planning & Development
 3. \$138,772 for the Deputy Executive Officer, Federal Advocacy & Government Relations
 4. \$125,471 for the Director, Quality Management
- C. **Promotions** - the proposed salary for the following positions:
1. \$147,835 for the Deputy Executive Officer, Operations (Metro Support Services Center)
 2. \$126,500 for the Director, Countywide Planning & Development
- D. **Salary Adjustment - Increased Responsibilities** - the proposed salary of \$200,000 for the Lead Service Sector General Manager

ISSUES

Board approval is required for salaries in excess of \$125,000.

BACKGROUND

In December 2006, the Board authorized the CEO to make equity and classification changes that would help Metro attract and retain talented employees, and to be more agile in the changing market. The Board asked the CEO to develop a structured, systematic and transparent approach for non-represented employee classification studies and salary equity reviews. The CEO adopted formal procedures for conducting reviews and studies annually. The intent of the process is to ensure internal salary equity, market competitiveness for retaining talented professional staff, to ensure that employees' job classifications are consistent with the work they are performing, and that employees' compensation is commensurate with the size of their jobs. The goal of the process is to review approximately 10 – 15% of all non-contract positions each year.

The new procedures complement Metro's existing compensation policy and strengthen and improve the process. Under the new procedures, salary equity reviews and classification studies may be requested by the Strategic Business Unit Chief, or Human Resources may conduct reviews and studies based on their knowledge of internal equity issues or market conditions. Human Resources completes a preliminary assessment based on the criteria for equity reviews and classification studies, which are discussed in greater detail below, and makes recommendations on which of the reviews and studies requested should be formally conducted. Human Resources reviews its recommendations with the CEO for final approval before initiating its analyses. After the equity reviews and classification studies are completed, any recommended adjustments are reviewed with and approved by the CEO.

To be eligible for a salary equity review, the affected employee should have received a performance rating of Commendable or higher for the past two fiscal years and should meet the following criteria:

- a. must have been in the same job classification for at least one year
- b. must have been employed with Metro for at least two years
- c. must be currently paid below the midpoint of their classification's salary range

For equity reviews, the employee's compensation is compared first with other employees in the same classification, or, if it is a single position classification, with other employees at the same pay grade. Factors such as years of relevant experience, education and training are considered along with salary. If, after review of these factors and a determination is made that the criteria above are met, an inequity is found, a salary adjustment is recommended.

The criteria for conducting job classification studies include the following:

- a. Expansion in scope of responsibility
- b. Introduction of new technologies which have changed job duties/scope/skill level
- c. New duties for which no job classification exists
- d. SBU/Departmental reorganizations
- e. Review of market data
- f. Employee retention rates
- g. Difficulty in recruitment

The employee whose job is being reviewed is required to complete a position description questionnaire (PDQ). The PDQ is reviewed by Human Resources with the employee's supervisor to validate that it accurately describes the duties of the employee's job. Compensation and classification specialists in Human Resources then analyze the PDQ using a system that assigns points to the job based on job content.

If the point total is at the same level as the employee's current classification but the current job specification no longer matches the work that the employee is performing, an existing or new classification is recommended at the same pay grade with no salary increase. If the point total is significantly higher than the employee's current classification, either an existing or new higher level classification is recommended, at a pay grade that corresponds to the total points that resulted from the analysis. If multiple personnel in the same classification are studied, and some but not all employees' duties stand out as not matching their current classification, those employees may be interviewed to obtain additional information to assist with the analysis.

When conducting classification studies, Human Resources might find that a person's job content has grown, but not significantly enough to justify an upgrade. The additional duties, as well as compliance with the criteria above, may create an equity issue, and an equity adjustment would be recommended instead of a reclassification.

The first review process under the new procedures was completed during the first six months of 2007. In addition to the reviews and studies that were prompted by the issues mentioned above, staff was asked to review all positions in the Countywide Planning and Development business unit, where competition for talent has been especially keen.

These reviews were approached methodically and consistently, and they were completed in June. Because the reviews were completed after the FY08 Budget was finalized, the incremental cost of the adjustments that were recommended was not included in the budget. The incremental cost must therefore be absorbed by the business units within their respective adopted budgets. Beginning with the FY09 budget cycle, recommended salary adjustments will be included in the proposed FY09 Budget.

There are numerous business reasons to conduct classification studies and equity reviews. The cost of adjusting employees' salaries would be far exceeded by the cost of recruiting and hiring personnel to replace employees who leave for better offers elsewhere. Metro could also risk not completing important projects due to excessive vacancies. Lastly, the cost of a single litigation over an inequity issue could be much greater than the incremental cost of all the adjustments made this year.

RATIONALE

Staff contacted various large local public agencies and provided them with job specifications for the seven positions whose salaries are being adjusted, and for the four whose classifications are being changed with salary adjustments. Based on the information received from the agencies, Metro's pay ranges closely approximate the pay ranges for comparable positions when they exist in the public agencies contacted. In addition, a separate study was conducted for Countywide Planning and Development.

Salary Equity Adjustments

The proposed annual salaries for seven of the employees reviewed and who met the criteria for an equity adjustment exceed \$125,000 and require Board approval. The proposed salaries in Recommendation A. 1-7 are:

1. \$179,962 (3% salary increase) for the Chief Communications Officer – effective December 7, 2007
2. \$149,968 (3% salary increase) for the Deputy Executive Officer, Project Management – effective July 1, 2007
3. \$133,334 (5% salary increase) for the Deputy Executive Officer, Procurement – effective July 1, 2007
4. \$131,030 (3% salary increase) for the Deputy Executive Officer, Communications – effective July 1, 2007
5. \$130,130 (3% salary increase) for the Deputy Executive Officer, Strategic Development of Facilities – Operations – effective July 1, 2007
6. \$130,130 (3% salary increase) for the Deputy Executive Officer, Public Relations – effective July 1, 2007
7. \$127,308 (4.75% salary increase) for the Director, Countywide Planning & Development – effective July 1, 2007

Position Reclassifications and Salary Adjustments

Of the classification studies that Human Resources completed in FY07, the job classifications of four of the employees studied were found to be inconsistent with their current job duties, and based on the rating system, warranted reclassification to a higher pay grade with proposed annual salaries that exceed \$125,000, thus requiring Board approval.

The proposed salaries in Recommendation B. 1 – 4 are:

1. \$167,440 (15% salary increase) for the Executive Officer, Project Control & Administration (Salary Grade AA) – reclassified from Deputy Executive Officer, Program Management (Salary Grade S) – effective July 1, 2007

This position reports directly to the Chief Capital Management Officer and is responsible for cost, schedule and configuration management on all Construction strategic business unit projects. The proposed new classification is two pay grades higher than the incumbent's current classification.

2. \$140,033 (12.93% salary increase) for the Deputy Executive Officer, Countywide Planning & Development (Salary Grade T) – reclassified from Director, Countywide Planning & Development (Salary Grade Q) – effective July 1, 2007

The reclassification is recommended after the review of positions in Countywide Planning and Development. The classification is two pay grades higher than the incumbent's current classification, and the increase will maintain equity within the unit.

3. \$138,772 (5% salary increase) for the Deputy Executive Officer, Federal Advocacy & Government Relations (Salary Grade S) – reclassified from Director, Federal Advocacy (Salary Grade Q) – effective July 1, 2007

The incumbent now manages the entire Government Relations function and reports directly to the Chief Communications Officer. The proposed classification is one pay grade higher than the incumbent's current classification.

4. \$125,471 (5% salary increase) for the Director, Quality Management (Salary Grade Q) – reclassified from Director, Quality Management (Salary Grade P) – effective July 1, 2007

This position is now responsible for rail activation group start-up and test quality, in addition to inspection activities. The proposed classification is one pay grade higher than the incumbent's current classification.

Promotions

1. A selection was made to fill the position of Deputy Executive Officer, Operations (salary grade T), which was vacated by a retirement. This position directs all activities of Metro's Support Services Center (formerly Regional Rebuild Center), and is also responsible for acquiring, maintaining and managing Metro's non-revenue vehicles and equipment. The annual salary recommended for the position is \$147,835. Metro compensation policy states that the temporary pay for an acting appointment in a higher level position is at least 5% above the employee's current salary or the pay range minimum, the greater

of the two. This salary reflects a 5% increase for the internal candidate selected and is below the midpoint of the salary grade. The selected employee assumed his new responsibilities on an acting basis (without additional pay) on August 26, 2007. The proposed salary would be effective retroactive to that date.

2. A selection was made to fill the position of Director, Countywide Planning & Development (salary grade Q), which was vacated by a retirement. This position will direct the activities of the San Fernando Valley/North County Area Team. The annual salary recommended for the position is \$126,500. The employee was promoted three pay grades. This salary reflects a 15.77% increase for the internal candidate selected, maintains equity among peers, and is below the midpoint of the salary grade. The effective date of the salary is September 27, 2007.

Salary Adjustment – Increased Responsibilities

The Service Sector General Manager classification (salary grade BB) has been modified to include the designation of one position as Lead, Service Sector General Manager by the Chief Operations Officer. In addition to the regular Service Sector General Manager duties, this one position is responsible for assisting the Chief Operations Officer in the following:

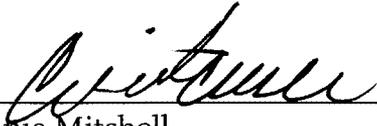
- 1) providing overall direction to the other Service Sector General Managers, and to the Facilities Maintenance and Central Maintenance functions;
- 2) ensuring operational and maintenance consistency, and fleet standardization across all sectors;
- 3) developing the long-range operations capital plan as it pertains to bus and vehicle procurements and bus and facility rehabilitation programs; and
- 4) leading efforts to leverage fleet and fleet maintenance technology across all Service Sectors to achieve further efficiencies in customer service and reduction in operating costs.

The salary recommended for the position is \$200,000. This salary reflects a 9.9% increase for the designated incumbent, and is appropriate given the salaries of the other General Managers and the Lead General Manager's increased responsibilities. The effective date of the salary is September 27, 2007.

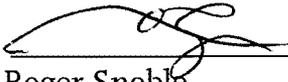
FINANCIAL IMPACT

Proposed salary increases resulting from salary equity reviews and classification studies will be absorbed in the FY08 adopted budget. There will be no increase in total FTEs in the adopted budget.

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