



Metro

Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

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**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
MAY 21, 2009**

SUBJECT: EXEMPTION FROM HIRING FREEZE

**ACTION: APPROVE EXEMPTION FROM HIRING FREEZE TO FILL FIVE
VACANT ACCOUNTANT POSITIONS**

RECOMMENDATION

Approve an exemption to the hiring freeze to fill five vacant Accountant positions.

ISSUE

The Board approved a motion at its December 4, 2008 meeting to freeze hiring, promotions, and any other form of compensation increase for all employees, and to ban new consulting contracts, unless specifically exempted by the Board. Prior to this motion, the CEO had directed a hiring freeze be implemented as early as September 2008.

The approved motion allows for a number of exemptions within CEO authority but filling any vacant positions that do not meet the criteria for exemptions to the hiring freeze require Board approval.

RATIONALE

The FY09 Accounting Department budget includes 54 Non-Contract Employees to fulfill accounting responsibilities for Metro, including 16 Accountants. Six Accountants are in the Project Accounting (PA) Section and five are in the General Ledger Accounting (GL) Section. Three frozen positions are in PA and two positions in GL. These frozen positions account for 50% and 40% of the Accountant staffing in PA and GL, respectively.

The Project Accounting Section is responsible for the accounting and reporting of all capital projects and certain operating projects; accounting and reporting of all our Federal, State and local grants, billing and collection of projects' reimbursable costs from Federal Transit Administration (FTA) and other funding sources; preparation and submittal of the Quarterly Financial Reports to FTA and coordinating all FTA and State financial and oversight audits of these grants.

The General Ledger Section is responsible for the preparation of the annual comprehensive financial reports, the annual National Transit Database reports, the State Controller reports, and all of our other financial reporting requirements to external parties.

These two sections are also responsible for the regular accounting related tasks of bank reconciliations, accounts analysis and other internal control related reviews of general and subsidiary accounts, preparation of various reports for management and financial institutions and preparation of all schedules and reports for internal and external audit needs. It is also anticipated that a significant increase in accounting support will be required in the implementation of Measure R, support of the Congestion Reduction Demonstration and “stimulus” programs, and Prop 1B.

The six other functional areas in the Accounting Department are: Payroll, Accounts Payable, Accounts Receivable & Credit and Collections, Governmental & Fiduciary Accounting, Capital Asset Accounting and Financial Information Systems and Reporting. Of the total 79 budgeted FTEs in the department, the average lost time experience rate at any one time due to vacation, sick, jury duty and other absences is approximately 11%, which is equivalent to nine FTEs.

FINANCIAL IMPACT

Funding for these positions are included in the FY09 and in the proposed FY10 budget in cost center 5110 and in Projects 100030, Bus Operations, 100040, Rail Operations, 100050, Special Revenue Planning, 100060, General Planning, 100070, Bus and Rail Capital and 100080, Major Construction. The source of funds is a combination of Enterprise Fund traditional revenues and non-enterprise fund revenues.

ALTERNATIVES CONSIDERED

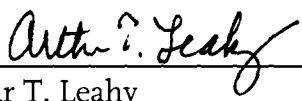
One alternative would be to approve some of the vacancies but not approve all five at this time. This alternative is not recommended because it is critical that all positions be filled prior to the end of the fiscal year so that the new Accountants can be trained in time to help Accounting Department meet the requirements for the year-end financial reporting and auditing.

ATTACHMENT

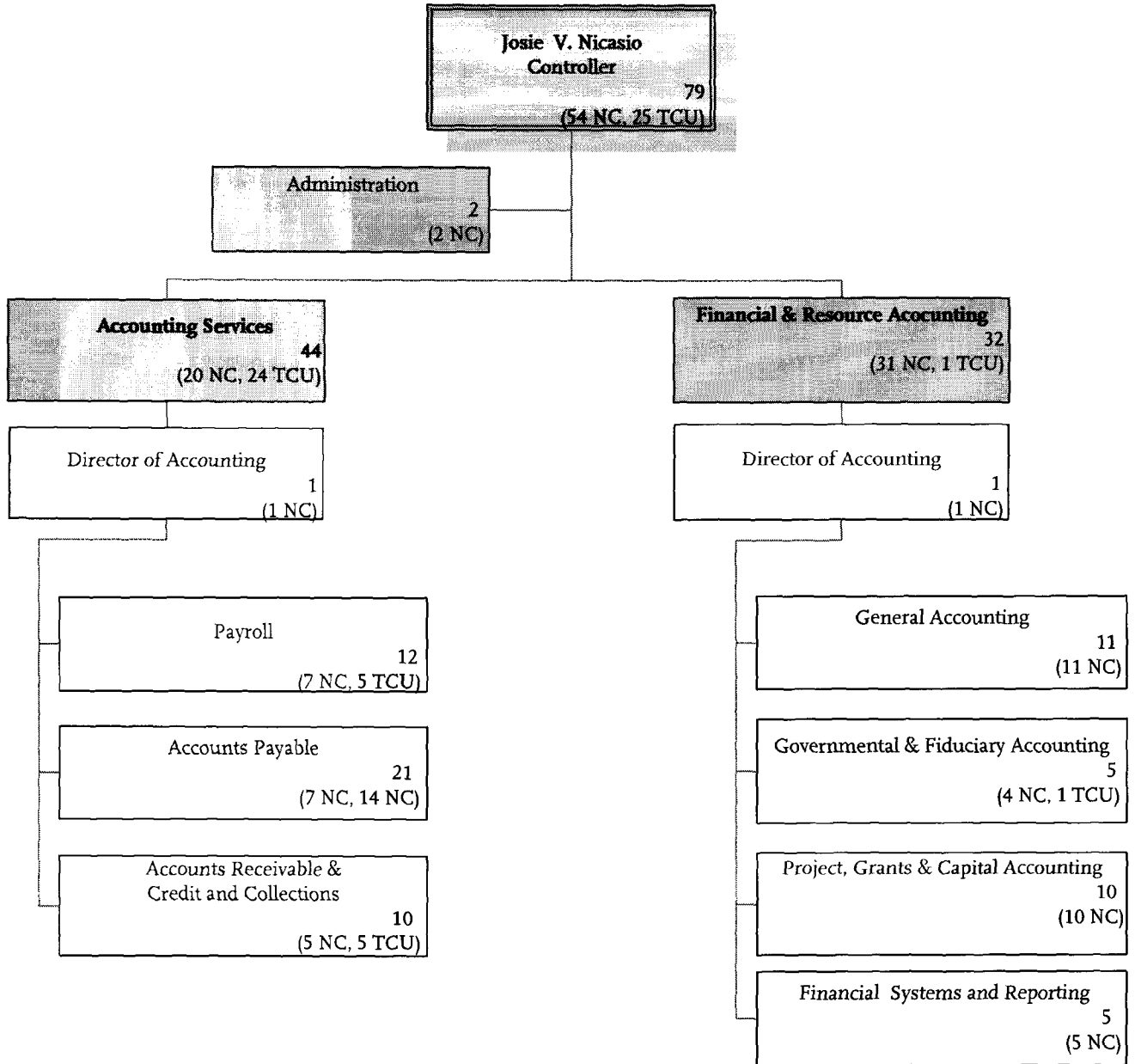
1. Accounting Department Organization Charts

Prepared by Josie V. Nicasio
Controller


Lonnie Mitchell
Chief Administrative Services Officer


Arthur T. Leahy
Chief Executive Officer

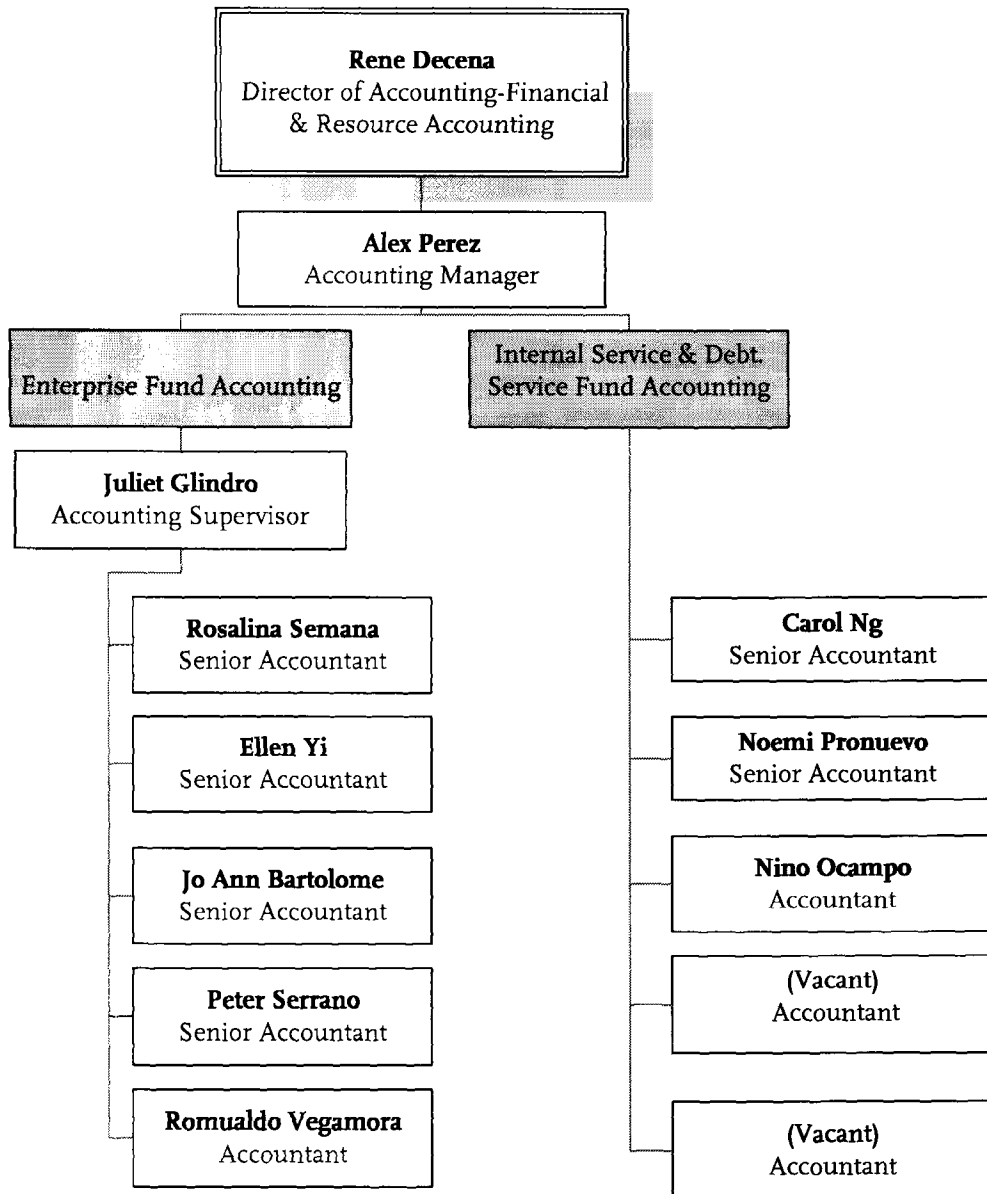
Accounting Department



FINANCIAL SERVICES
Department 5100-Cost Center 5110

Accounting

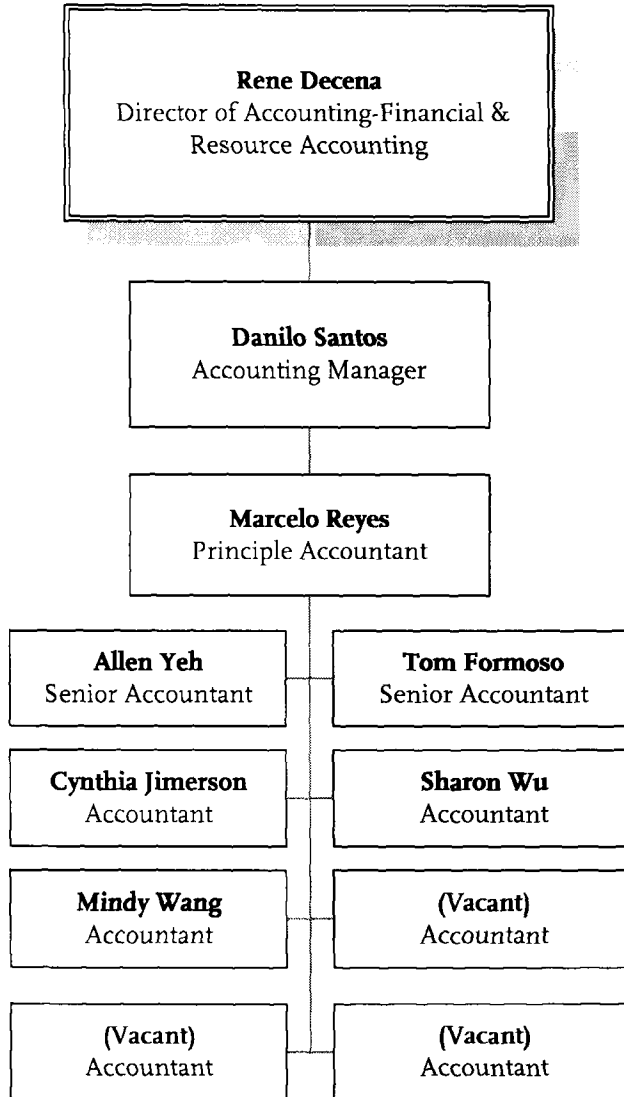
General Accounting



FINANCIAL SERVICES
Department 5100-Cost Center 5110

Accounting

Project, Grant & Capital Accounting



FINANCIAL SERVICES
Department 5100-Cost Center 5110