

65

April 18, 1997



Los Angeles County
Metropolitan
Transportation
Authority

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TO: BOARD OF DIRECTORS
FROM: LINDA BOHLINGER, INTERIM CHIEF EXECUTIVE OFFICER
**SUBJECT: RETROACTIVE PAYMENT OF OVERTIME PREMIUM FOR
TRANSIT OPERATIONS SUPERVISORS**

RECOMMENDATION

Authorize retroactive pay adjustments to April 1995 for all Transit Operations Supervisors based upon actual overtime hours worked, subject to a written release of potential overtime claims. This recommendation excludes Transit Operations Supervisors who are involved in current litigation.

ORGANIZATIONAL IMPACT

Changing the MTA's current overtime pay practice for Transit Operations Supervisors resolves a long-standing complaint from the largest classification of non-represented employees. Board approval of retroactive payment for a two year period will forestall potential litigation related to this matter.

BUDGET IMPACT

This action will impact the Fiscal Year 1997 budget by an amount not to exceed \$1.2 million. There will be minimal ongoing impact due to management's intention to control overtime expenditures.

ALTERNATIVES CONSIDERED

One alternative is to provide retroactive pay adjustments for all Transit Operations Supervisors, including those in litigation. This action is not recommended at this time pending the Board's review and recommendation with regard to the pending litigation.

A second alternative is to create a pool of all money to be paid and divide it equally among Transit Operations Supervisors receiving back pay. This action is not recommended because it fails to compensate individual employees based on their actual hours worked.

A third alternative is to take no action. This alternative is not recommended because it does not address the issue and excludes those who have not sought legal recourse from receiving backpay.

Board of Directors

April 18, 1997

Page 2

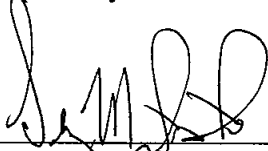
BACKGROUND

Effective April 6, 1997, the Transit Operations Supervisor position is classified as non-exempt under the Fair Labor Standards Act (FLSA). Non-exempt employees are required to be paid 1.5 times their straight time hourly rate for overtime worked. Transit Operations Supervisors are classified by the MTA as "Exempt-S" -- exempt from FLSA overtime provisions, but eligible for overtime pay at their straight time hourly rate.

On three occasions, groups of Transit Operations Supervisors have sued the MTA to seek reclassification to non-exempt status and to be retroactively compensated accordingly. The first lawsuit was settled by the Board of Directors in August 1994. The second and third lawsuits have been forwarded to the Legal Committee for consideration of settlement in the near future.

The Transit Operations Supervisors' classification change to non-exempt is consistent with the FLSA and that resolution of this matter now should preclude further disputes on this issue.

Prepared by:



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