



METROPOLITAN  
TRANSPORTATION  
COMMISSION

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## Memorandum

TO: Administration Committee

DATE: February 7, 2018

FR: Deputy, Executive Director, Policy

W.I.:

RE: Organization Study and Overview of MTC Employee Agreements

### Background

#### Organization Study

In June 2014, the Agency agreed to initiate and complete a comprehensive review of MTC's organizational structure, position classifications, performance management and compensation programs with the goal of reforming the structure, classifications programs to more accurately reflect organizational position needs and job duties. This work was to be conducted in collaboration with the Committee for Staff Representation (CSR), Confidential and Management representatives.

An Organization Study Steering Committee (OSSC) composed of some CSR, Confidential, and Management employees was established in May 2017 to work with executive staff, other management staff and outside consultants to launch this organization study. The objective was to complete a comprehensive review of MTC's organizational structure, position classification system, performance management, and compensation programs.

The organization study focused on four core areas with the goal of assessing and documenting opportunities for change and improvement. The following provides a brief description of the objective of each of the core areas and the results of the OSSC's work.

1. *Organizational Structure.* Review the MTC functional organization structure and staffing model as of July 1, 2017 for efficiency and effectiveness and to ensure alignment with organization business processes and work program.

*Results.* Five major themes emerged, and seven related objectives were established, resulting in a draft Implementation Action Plan (IAP) with specific steps, responsibilities and a timeframe to guide implementation of each objective. All themes centered on the organizational changes that have occurred or need to occur due to the growth of the agency over the last 10 years and the changing needs of the region and our industry.

2. *Position Classifications.* Review all position classifications up to, but not including, the director position to identify class specification gaps and potential need for additional or new position descriptions.

*Results.* A proposed, new classification framework for consideration by the Agency. Following further review and discussion, in consultation with employee representatives, a plan will be developed to guide its adoption and implementation. This work is anticipated to take 18 months.

3. *Total Compensation.* Conduct a peer agency comparison of MTC's compensation program.

*Results.* A total compensation study of selected MTC classifications was conducted with peer agencies. The study is meant to inform future compensation discussions.

4. *Employment Policies and Procedures.* Review MTC's employment policies and practices in four areas to identify improvement opportunities in support of professional development, employee retention and succession planning.

*Results.* The subcommittee reviewed a majority of the Executive Director's Management Memoranda (EDMM) and selected twelve policies to be reviewed. After collecting employee input and comments on each policy, a draft Implementation Action Plan (IAP) was developed with specific steps, responsibilities and a timeframe to implement procedural changes and address major areas of interest in the near term. Most of the EDMMs reviewed dealt with work-life balance, and training and development.

A significant amount of work has been completed by the OSSC, and other executive and management staff over the last six months to achieve this review of the organization. We have attached a presentation that walks through the process and results in more detail. Most importantly, the analysis and discussion resulted in an integrated work plan which sets forth priorities for 2018 for implementation of two IAPs (on organization structure and employee policies and procedures), as well as the launch of the implementation of the classification framework. Participants in the process recognize that this work will compete with the ongoing work of the agency, but remain committed to moving forward.

#### Overview of MTC Employee Agreements

MTC currently has a four-year Memorandum of Understanding (MOU) with both CSR and Confidential Employees set to expire on June 30, 2018. The attached presentation provides a summary of background information related to the upcoming labor negotiations. This spring MTC will be engaged in negotiations for the new MOU and staff is following up on the Administration Committee's request to appoint an ad-hoc committee to advise executive staff and the Commission about upcoming labor contract negotiations.

#### **Recommendation**

Staff recommends the Administration Committee appoint an Ad Hoc Committee of Commissioners to help advise executive staff and the Commission about upcoming labor contract negotiations.

  
Alix A. Bockelman

SH:cr

Attachments:

- PowerPoint – Organization Study – Administration Committee Update
- PowerPoint – Overview of MTC Employee Agreements – Administration Committee

# Organization Study Administration Committee Update

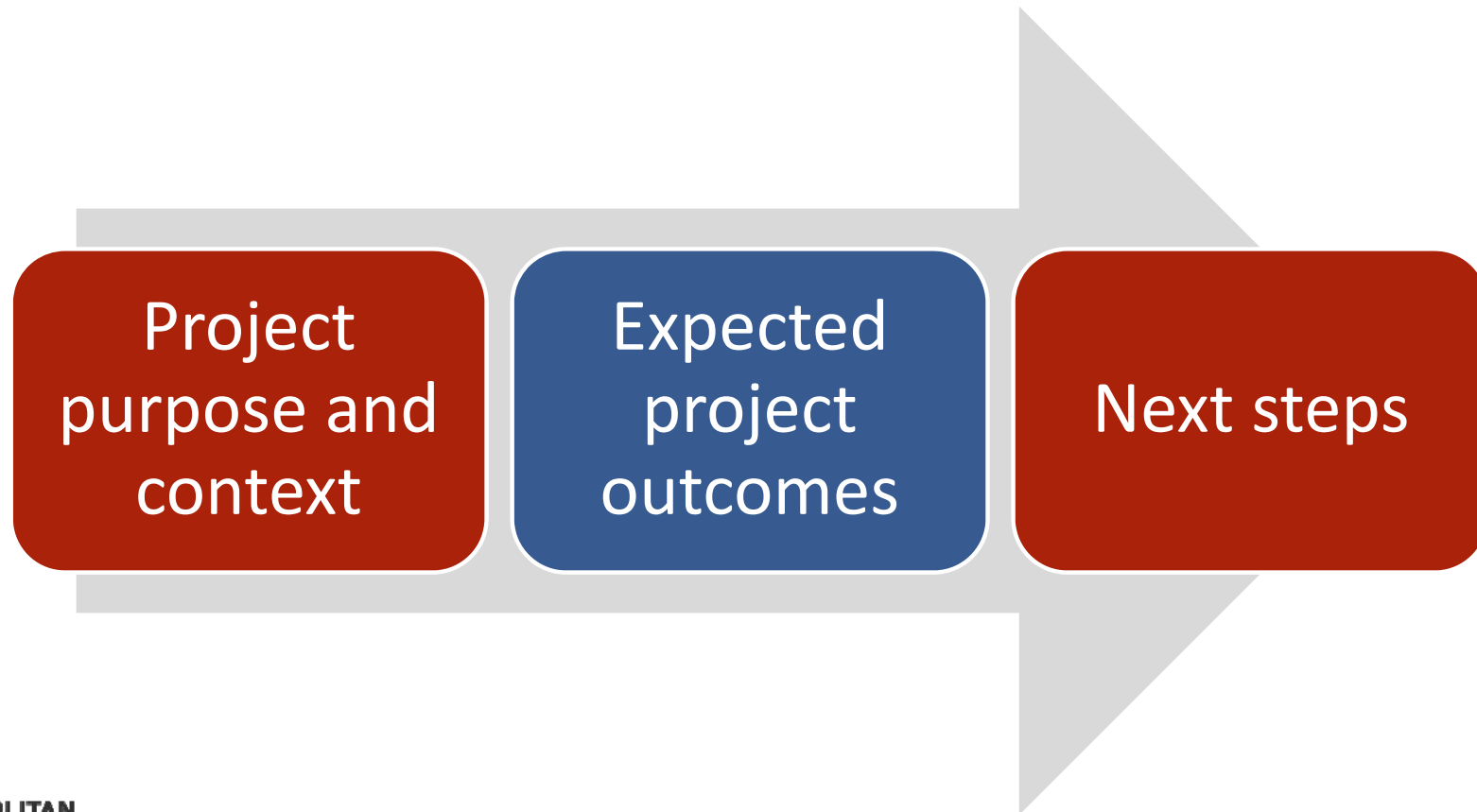
February 14, 2018



**METROPOLITAN  
TRANSPORTATION  
COMMISSION**

**Andrew B. Fremier**, Deputy Executive Director of Operations  
**Courtney Ruby**, Administration and Facilities Director  
**Robin James**, Human Resources Manager

# Agenda



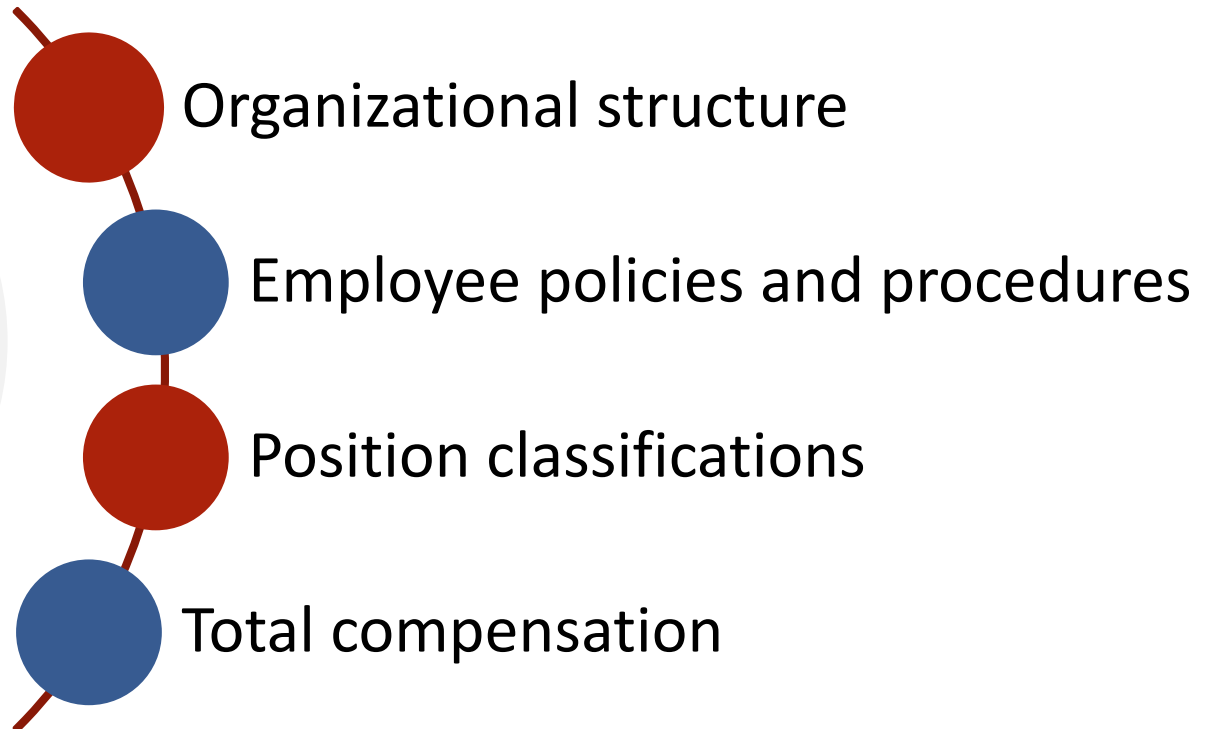
# Organization Study Project Overview

## Long-term Project Goal

(to be realized over the next two years)

**Reform the  
organizational structure  
and classification  
system to reflect  
organizational needs  
and current job  
responsibilities**

## Major Project Areas



# Project Team

## Organization Study Steering Committee (OSSC)

- Cross-section of MTC staff, including representatives from:
  - CSR
  - Management
  - Confidential staff
  - Deputy Executive Director, Operations (project manager)

## Representatives from Executive Team

- Deputy Executive Director, Policy
- Deputy Executive Director, Local Government Services

## Consultants and Project Support

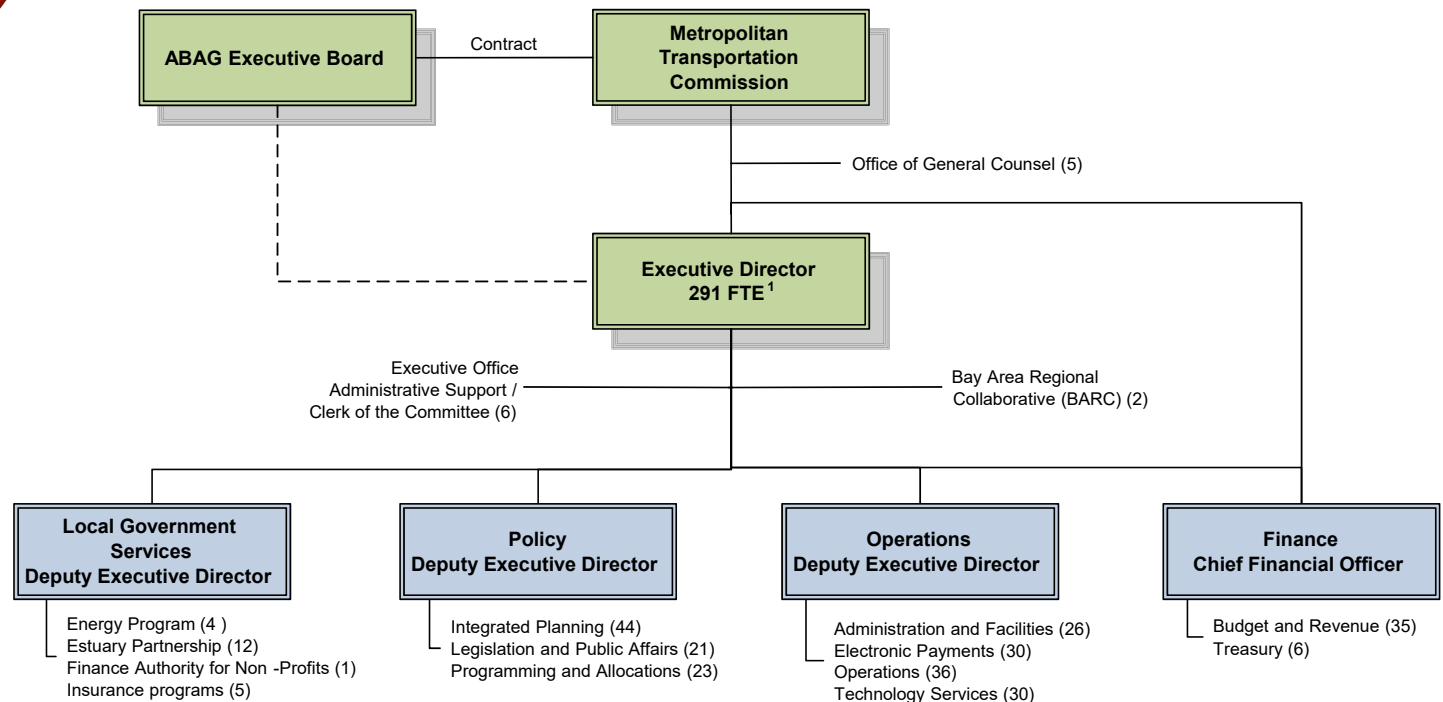
- Management Partners (*project coordination*)
- Koff & Associates (*classification and compensation*)
- MTC Human Resources Team (*project support*)

# Organization Structure

## Objective

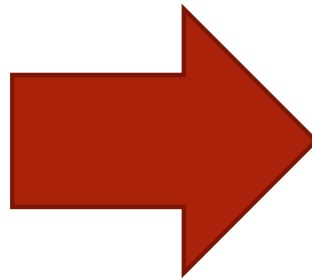
Review the MTC organization structure as of July 1, 2017

- For efficiency and effectiveness
- To ensure alignment with organization business processes and work program



# Organization Structure Results

- MTC is in a constant state of change
- Found a reasonable grouping of major functions, with some areas that may need attention
- Resource allocation may require different strategies, tools and methods



## IAP

### Implementation Action Plan

(includes seven objectives with specific steps, responsibilities and a timeframe)



# Organization Structure

## Areas of Further Study and Attention

- 1. Managing change**
- 2. Improved administrative office support** (2a in IAP)
- 3. Effective and efficient management structure** (2b in IAP)
- 4. Well-coordinated planning and environmental programs** (2c in IAP)
- 5. Sufficient internal business services** (3 in IAP)
- 6. Effective cross-functional teams** (4 in IAP)
- 7. Improved resource allocation methods and strategies** (5 in IAP)

# Employee Policies and Procedures

## Objective

Review MTC's employment policies and practices to address:

- Consistency in application across the agency,
- Outdated policies and procedures, and
- The work/life balance needs of today's workforce

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### Policy areas discussed:

- Alternative work schedules,
- Staff training and conferences,
- Leave policy, and
- Other employment policies and procedures

# Employee Policies and Procedures Results

OSSC subcommittee  
reviewed and prioritized  
employee policies and  
procedures



**12 policies**  
selected and employee  
input gathered



# IAP

## Includes:

- 8 interim steps to address policy execution issues by Feb/March 2018
- Plan to review MTC's teleworking policy and policy execution by March 2018
- An overview of next steps associated with policy updates

# Position Classifications

## **Koff and Associates:**

- Collected data through Position Description Questionnaires (PDQs)
- Conducted interviews with employees, supervisors and management
- Reviewed MTC's overall classification structure

## Objectives

- Document current classification structure
- Identify issues and gaps

## Results

- **Proposed classification framework that:**
  - Eliminates outdated classifications
  - Consolidates similar classifications
  - Provides growth and flexibility in classification framework
  - Provides adequate career paths
  - Is responsive to changing business needs

# Results

**Today**

Koff & Associates  
developed a  
**Proposed  
classification  
framework**

**2018**

**Further review and  
discussion in  
consultation with  
employee  
representatives**

**2019**

MTC to develop a plan  
to guide the revised  
framework  
**adoption and  
implementation**

**Classification framework may change to  
reflect our changing work environment**



## **Total Compensation**

### **Koff & Associates:**

- Included 26 benchmark classifications (selected in collaboration with OSSC)
- Benchmarked total compensation, non-monetary items and workplace policies
- Data collected includes job/classification descriptions, MOUs, organization charts, and salary information

## **Objective**

**Conduct a peer agency comparison of MTC's compensation program to inform future discussions.**

## **Peer Agencies Included**

- ***ACTC***
- ***BART***
- ***CalTrans***
- ***City and County of San Francisco***
- ***LA METRO***
- ***OCTA***
- ***SACOG***
- ***SANDAG***
- ***Santa Clara VTA***
- ***SCAG***

# Total Compensation Results

MTC offers a competitive base salary and benefits package for every classification included in the peer survey.

**4** included  
classifications

are compensated between **5% and 10% above the market median\***

**18** included  
classifications

are compensated **over 10% above the market median\***

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## On Average

- Classification base salaries are 8% above market
- Classification total compensation is 14% above market

# Why Conduct a Peer Agency Compensation Survey?

**It informs  
compensation  
philosophy**

- Bay Area labor market is thriving and highly competitive
- Competitive compensation allows for the recruitment and retention of high caliber employees
- Vacancies are costly and disruptive to the mission-critical work of MTC



# Overview of Workplan

	Calendar Year							
	2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Organization Structure</b>								
1. Managing change	Ongoing							
2. Improved administrative office support								
3. Effective and efficient management structure	Ongoing							
4. Well-coordinated planning and environmental programs								
5. Sufficient internal business services								
6. Effective cross-functional teams								
7. Improved resource allocation methods and strategies								
<b>Employee Policies and Procedures</b>								
1. Implementation improvements								
2. Policy updates								
<b>Classification Framework</b>								
1. Prepare classification specifications								
2. Implement classification specifications								
<b>Compensation Model</b>								
1. Development compensation model								
3. Apply compensation model to new classes								
<b>MOU Negotiation Process</b>								
1. Planning								
2. Negotiating								
3. Completing								

# Questions?



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# Overview of MTC Employee Agreements Administration Committee

February 14, 2018



**Andrew B. Fremier**, Deputy Executive Director of Operations  
**Courtney Ruby**, Administration and Facilities Director  
**Robin James**, Human Resources Manager



## Objective

**Understand major  
components and cost  
drivers of current  
MOU**

# Overview of Current Agreements

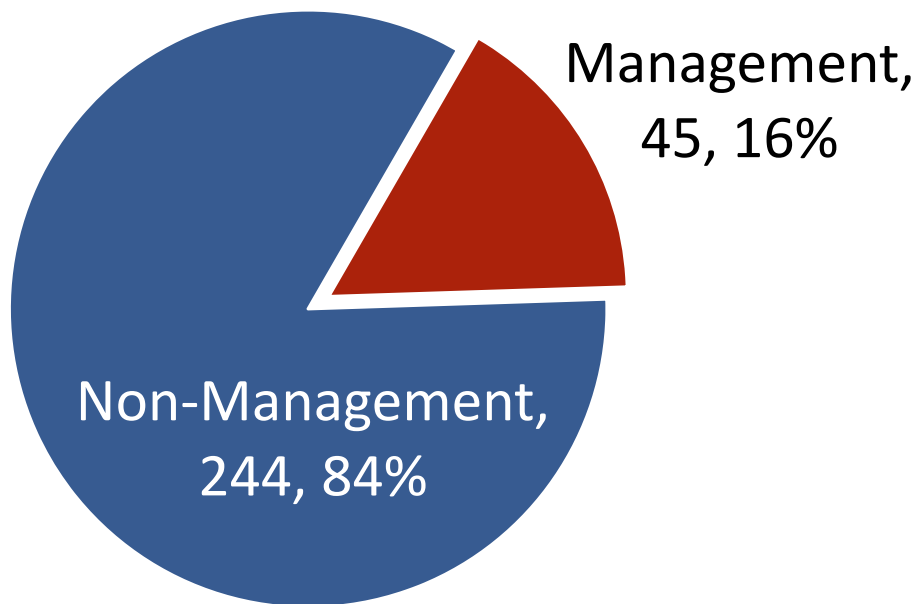
- Two existing 4-year MOU expires June 30, 2018



- General Counsel and Executive Director have separate employment contracts with the Commission

# MTC Employees

**289** Staff Subject to MOU



Employee Group	# positions
Non-Management	
CSR Staff	210
Confidential Staff	34
Management	
Assistant Directors	29
Legal Staff	3
Section Directors	9
Executive Management	4
TOTAL	289

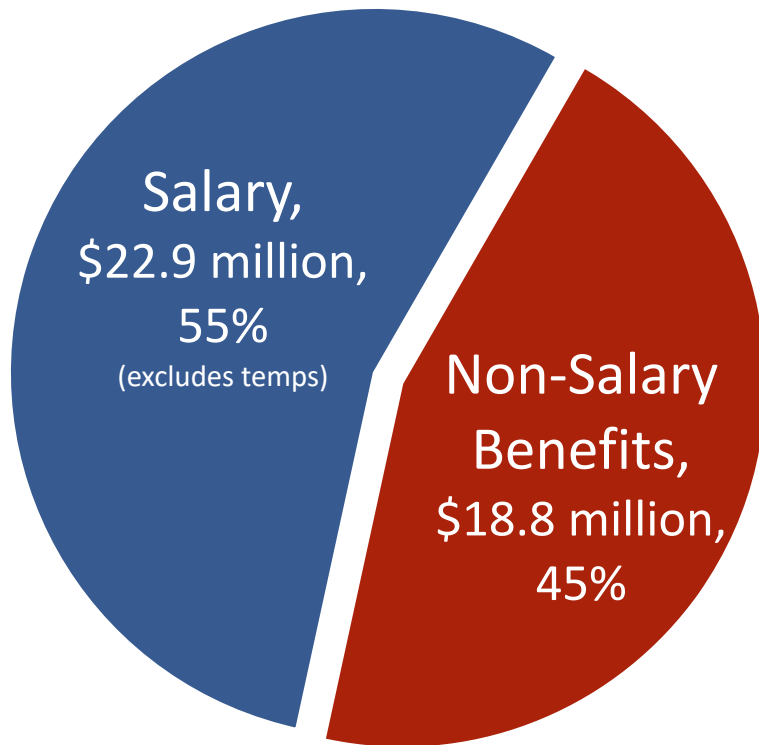
# 2014 MOU Agreements

## Major Components

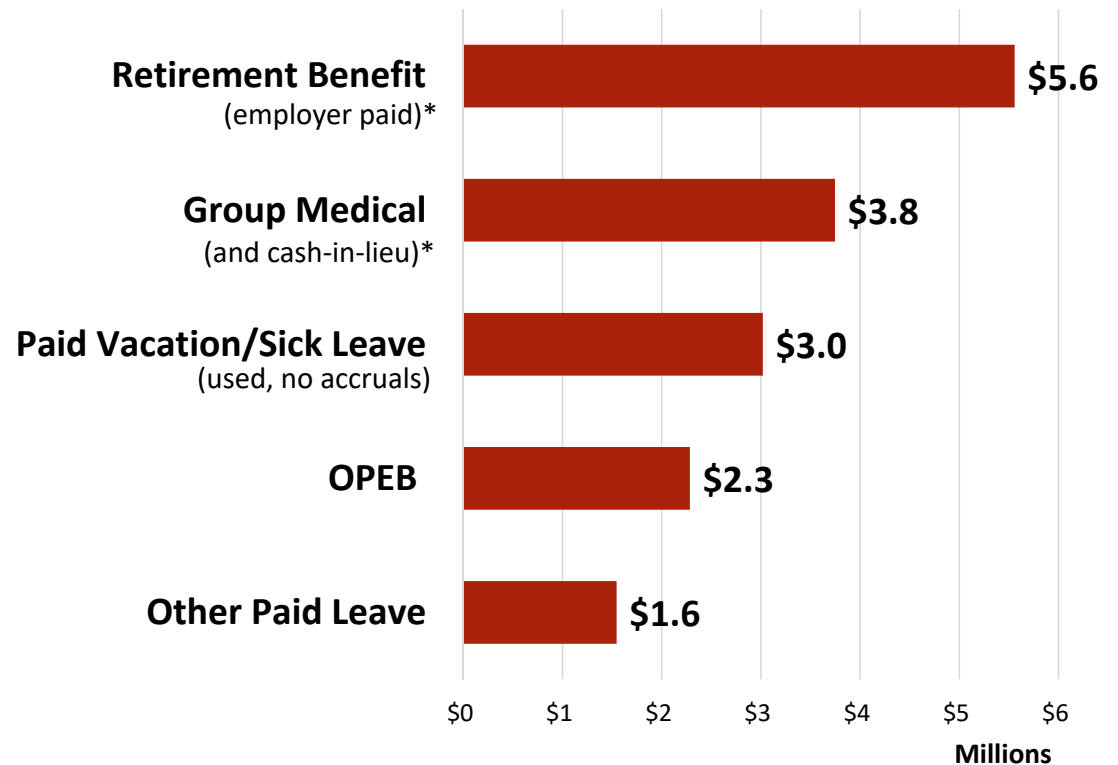
## Major Cost Drivers

- **Salary administration**
- **Paid leave benefits**
- **Retirement benefits**
- **Medical insurance**
- Other insurance (life, disability, travel)
- Transit/parking programs
- Flexible spending accounts
- Professional development
- Computer purchase program
- Probationary period

# Costs Associated with MOU Agreements (FY 2016-17)



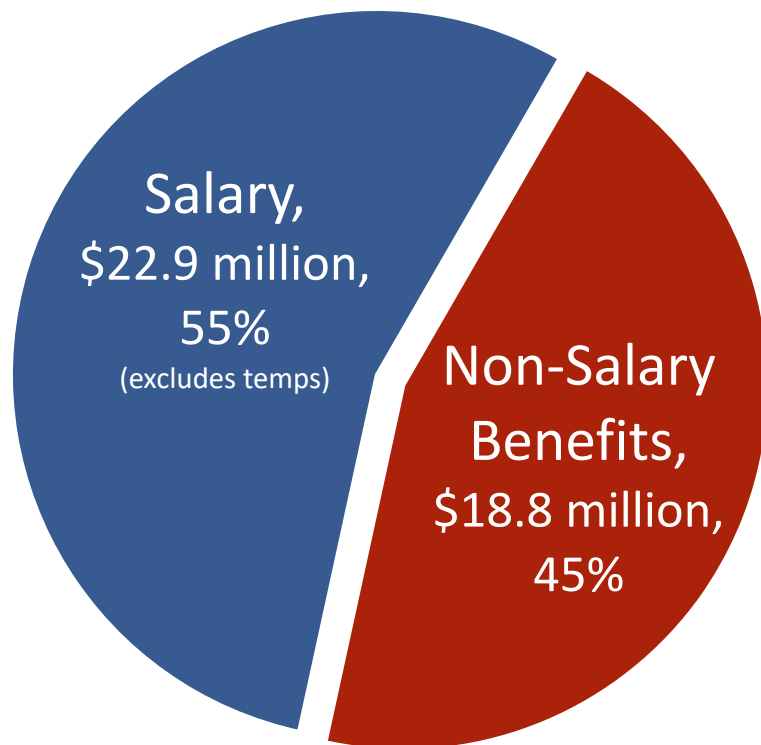
## Employer Costs for Non-Salary Benefits (in millions)



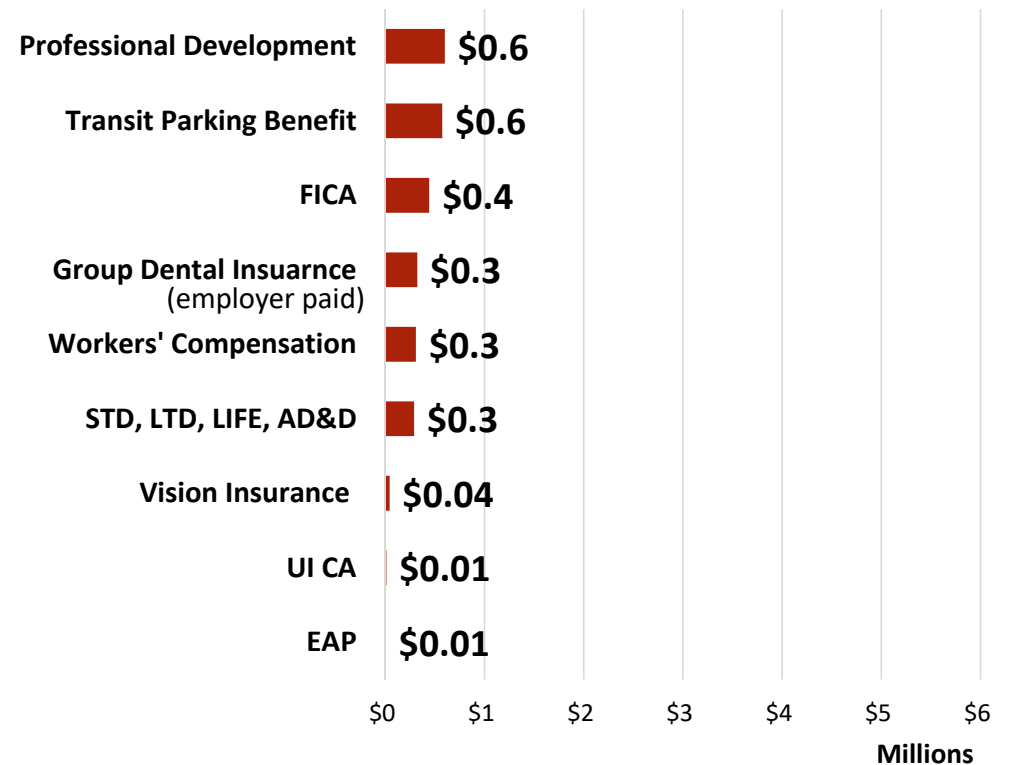


# Costs Associated with MOU Agreements (FY 2016-17)

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## Employer Costs for Non-Salary Benefits (in millions)



# Detailed Overview – 2014 MOU Agreements

## Salary Administration

- Annual COLA of 2.6%
- Merit salary increases until at top of classification

**\$22.9 million**

in FY 2016-17

## Group Medical Insurance

- CalPERS medical program participant
- Premium cost-share is 5% employee and 95% agency; cash-in-lieu equal to second most costly employee only premium cost
- Caps on employee premium contributions

**\$3.7 million**

in FY 2016-17  
(employees paid  
\$163K, pre tax)

## Retirement Benefit

- 190 Employees in Classic Plan – 2.5% at 55; employees currently paying 6.50% and 50% of any annual employer increase until 8.00%
- 96 Employees in PEPRA Plan – 2.0% at 62; employees pay 50% of the plan Normal Costs; currently at 6.50%
- Both plans have same plan design specific

**\$5.6 million**

in FY 2016-17  
(employees paid  
\$1.8 million)

# Detailed Overview – 2014 MOU Agreements

## Vacation Leave

- Accrue starting with 13 days the first year, adding a day each year until 25 days a year;
- Cap of 500 hours or 62.50 days of vacation
- Annual cash-out option for employees with more than 320 hours or 40 days of accrual
- Fully payable upon employment termination

## Sick Leave

- Accrual of 8 hours of sick pay a month; open-ended accrual;
- Can be used for personal or eligible family member illness or injury, additional bereavement leave, additional bonding for a new child
- 240 hours payable upon employment separation

## Other Leave

- 11 paid holidays per calendar year
- Separate funeral leave of 3 paid days
- 3 personal business leave days available the start of each calendar year

**\$1.5 million**  
in FY 2016-17

**\$3.0 million**  
in FY 2016-17

# Detailed Overview – 2014 MOU Agreements

## Transit Parking Programs

- Public transit, parking, carpooling and bike riding subsidy programs
- Tax-free subsidies as allowed by the IRS
- Transit program currently up to \$255 a month

**\$575,000**

in FY 2016-17

## Group Dental Insurance

- Employee premium paid 100% by agency
- Highly subsidized premium with employee paying \$6.30 a month for one dependent and \$19.13 a month for two or more
- Cash-in-lieu equal to the employee only premium cost

**\$323,000**

in FY 2016-17

## Professional Development Commitment

- Employees may participate in Agency sponsored professional development, subject to approval by section director and appropriations in annual training and travel budget

**\$600,000**

Estimated for  
FY 2016-17

# Other 2014 MOU Agreements

- Initiate and complete a comprehensive review of MTC's organizational structure, position classifications, and performance management and compensation programs.
- Create a mobility policy that consolidates the existing telework and mobility management policies.