



Agenda Item No. (3)

To: Rules, Policy and Industrial Relations Committee/Committee of the Whole Meeting of February 23, 2024

From: Kellee J. Hopper, Deputy General Manager, Administration and Development
 Denis J. Mulligan, General Manager

Subject: **FOLLOW-UP TO COMPENSATION STUDY FINDINGS**

Recommendation

There is no recommendation associated with this report as it is informational.

Summary

In November 2023, staff presented the findings of a recent comprehensive compensation survey. After that conversation, the Board of Directors (Board) directed staff to poll partner agencies to determine whether they have or utilize any established compensation policies or processes – or compensation or pay philosophies - intended to keep salaries at those partner agencies competitive in the employment marketplace.

A compensation philosophy, or pay philosophy, is a document or statement that provides direction, guidance and clarity for making compensation choices within an organization. Staff has polled several agencies and the findings are as follows:

AGENCY	COMPENSATION STRUCTURE	PROCESS IF A POSITION IS SIGNIFICANTLY OUT OF SYNC IN THE MARKET
AC Transit	<ul style="list-style-type: none"> • 7 step pay scale • 3% difference between steps • 8% differential between Grades (For AFSCME) • Executive Levels (Chiefs and Executive Directors have a Minimum/Maximum range) • ATU and IBEW classifications do not follow the 7 Step Pay Scale. Some classifications have 1 step wage rate, some have 2, or 3. 	<ul style="list-style-type: none"> • If a position is significantly misaligned with the market (based upon surveying the external labor market) a review of internal positions is conducted. If there are retention issues, then the recommendation for salary adjustment will be presented to the Board.
Bay Area Rapid Transit (BART)	<p>Compensation structures vary slightly amongst different unions. These structures consist of either a 4, 5 or 6 step salary structure, with employees starting at Step 1, with annual step progressions until reaching the top step salary. When a particular classification is grossly under market,</p>	<ul style="list-style-type: none"> • (For FLSA-nonexempt positions) A salary survey is initiated for a particular non-represented or AFSCME position for a number of reasons, such as difficulty in recruiting or high turnover for the position, or after receiving a claim

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	<p>BART’s Class/Comp team will conduct salary surveys to determine the extent to which our position is under market and make recommended adjustments. Adjustments to these salaries outside of the normal collective bargaining process is rare.</p> <p>For FLSA-exempt employees within AFSCME, as well as Non-Represented employees, BART uses a broad pay band structure, defined by a minimum, midpoint, and maximum salary, with the midpoint being the control point. There are 15 Non-Represented Pay Bands and 9 AFSCME Pay Bands. BART’s compensation philosophy with respect to Pay Bands is to ensure that the midpoint salaries of our pay bands (the control points of our salary structure) approximate the 75th percentile of the market for similar classifications.</p>	<p>by a manager, employee, or union representative that the position is under market.</p> <ul style="list-style-type: none"> Using salary survey findings, if the midpoint salary of the position is below the 75th percentile of the market for similar positions, agency may reassign the position to a higher pay band or may individually adjust the salary of the employee within the existing pay band to remedy the situation.
County of Marin	<ul style="list-style-type: none"> The county has defined rules for job classifications under the County’s Merit System as well as established compensation policies for county employees. 	
City & County of San Francisco	<ul style="list-style-type: none"> Conduct salary surveys every 3 years +/- 5% of market is target Look at turnover and vacancies to determine compensation competitiveness Use internal equity standards for assessing compensation competitively (horizontally and vertically) 	<ul style="list-style-type: none"> No formal compensation policy
City & County of San Mateo	<ul style="list-style-type: none"> Aims to maintain external competitiveness and internal equity Focuses on Bay Area labor market – public employers Strategy is to adjust salary range of classification if salary is 5% or more behind the market median County also looks at classifications internally where work is similar or related work Salary for management positions includes a 5% band 	<ul style="list-style-type: none"> If a position is in excess of 5% below market, salary adjusted so that it matches the median from at least 5 comparator agencies For new classifications, the median of the labor market is considered Adjustments for represented positions occur at the time of the new contract
County of Sonoma	<ul style="list-style-type: none"> Surveys conducted prior to start of labor negotiation cycle Conducts benchmarked classifications only (journey level classifications) Drops lowest and highest market data for each job (as long as there are six matches) 	<ul style="list-style-type: none"> County will consider increasing salary, if total compensation of comparing salary agencies is 100% or greater.

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	<ul style="list-style-type: none"> • Strive to maintain fiscal stability with market competitiveness • Attempt to be competitive with market average • Strive to be within 5% of market compensation 	
East Bay MUD		No response from agency
Sacramento RTD		No formal policy
Samtrans/CalTrain	<ul style="list-style-type: none"> • Conduct salary surveys each year as part of a salary ordinance Board of Directors review and approve each year • Recommendation based on survey results from similarly aligned organizations 	
Santa Clara VTA	<ul style="list-style-type: none"> • Conduct salary surveys as required in several CBA (surveys are advisory only to inform negotiations) • Perform local market surveys on an ad-hoc basis as directed by management • Use internal comparisons/equity assessments on an ad-hoc basis when salary adjustments are requested by other departments 	No formal policy

While the polled agencies almost universally conduct regular compensations studies, formal compensation policies addressing undercompensated positions are less common among these agencies.

The most recent compensation study revealed a small number of positions at the Golden Gate Bridge, Highway and Transportation District (District) which are significantly out of sync with the employment marketplace. Specifically, the following positions are more than 15% out of market competitiveness:

- Director of Budget & Electronic Review Management (-23%)
- Chief Technology Officer (-18%)
- Electronic Review Collections Manager (-17%)
- Purchasing Officer (-17%)
- ADA Compliance & Program Manager (-16%)
- Operations Control Manager (-16%)

Absent an established policy, there is no automatic mechanism to adjust salaries of positions that are significantly below market to ensure the District remains a fair and highly competitive and desirable place of employment.

Fiscal Impact

There is no fiscal impact associated with this report.

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