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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

November 20, 1995

To: Board of Directors (Organization and Personnel Committee--Action)

From: General Manager JR Wodraska

Subject: Unrepresented Managers' Compensation and Change in Salary Grade for Operations and Maintenance Manager and Assistant Operations and Maintenance Manager Classifications

RECOMMENDATIONS

1. It is recommended that the Board of Directors authorize payment of an additional three (3) percent Employer Paid Member Contribution to the Public Employees' Retirement System (PERS) for its unrepresented managers effective January 1, 1996.
2. It is recommended that the salary grade of the Operations and Maintenance Manager and the Assistant Operations and Maintenance Manager classifications be changed to salary grades 61 and 55, respectively.

EXECUTIVE SUMMARY

Metropolitan currently contributes an employer paid member contribution to PERS of four (4) of the total seven (7) percent of required normal member contributions for its unrepresented managers. In lieu of a salary increase for unrepresented managers, the General Manager is recommending the employer paid member contributions be increased to seven (7) percent effective January 1, 1996. This adjustment in the employer-paid contributions to PERS will not increase base salaries of unrepresented managers.

In addition, in order to address the increased scope of responsibility of the Operations and Maintenance Managers and their assistants, an adjustment in their salary grades is warranted at this time.

DETAILED REPORT

Each fiscal year, the General Manager reviews salaries and benefits of Metropolitan's unrepresented managers and recommends to the Board any compensation adjustments for the forthcoming fiscal year. The current compensation program (fiscal year 1995-96) includes an executive Pay for Performance plan approved by your Board in January 1995.

A recent survey of Metropolitan's member agencies indicated that 20 of the 23 member agencies whose retirement programs are administered by PERS contribute the full seven (7) percent of the employees' PERS contribution rate. In addition, salaries for unrepresented managers have not been increased during the last three years. It is therefore recommended that an additional three (3) percent of the normal member contributions be paid to PERS on behalf of Metropolitan's unrepresented managers. This adjustment will cost approximately \$64,020, or 1 1/2% of the unrepresented employees' payroll, for the remainder of fiscal year 1995-96. In addition, beginning in January, 1996, unrepresented managers will be eligible to participate in a flexible spending account program pursuant to Internal Revenue Code Section 125. This program, which is provided to employees in classifications represented by the Management and Professional Employees Association, the Field Supervisors Association and the Association of Confidential Employees in their collective bargaining agreements, allows employees to pay for certain insurance premiums, daycare, and unreimbursed medical expenses with pre-tax dollars. There is no cost to Metropolitan at this time to include unrepresented managers in this program.

In an effort to streamline their organization by eliminating a managerial level, the Operations Division eliminated the Regional Operations Manager classification (salary grade 63), which reported directly to the Assistant Chiefs of Operations, in late 1994. This resulted in a savings of over \$300,000 annually. As a result of this change, managerial and administrative duties previously assigned to the Regional Operations Managers have been reassigned to the Operations and Maintenance Managers and their assistants. In addition, the Operations and Maintenance Managers and their assistants have direct, personal, and significant legal liability for the facilities which they manage, which are valued in the millions, and in some cases, billions of dollars. Moving the Operations and Maintenance Manager classification to salary grade 61 will place it at the same level as other branch-level managerial classes with key functional responsibilities, such as the Treasurer, Water Quality Laboratory Manager, Financial Services Manager, Principal Environmental Specialist, and Principal Resource Specialist.

There are currently nine authorized Operations and Maintenance Manager positions and nineteen Assistant Operations and Maintenance Manager positions. There will be no immediate cost to implement this change, as employees in these classifications will be moved to the new salary grade at their current payrates; any increases would evolve from the step increases granted during the annual merit process.

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